Guidance on Preparing a Prospectus (VER01.290224)

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INTRODUCTION

1) This Guidance is issued under section 15(2) of the Financial Services and Markets Regulations 2015 ("FSMR"). It should be read in conjunction with FSMR and the Market Rules ("MKT") of the Financial Services Regulatory Authority ("FSRA").

2) This Guidance is published to assist Issuers, Listed Entities, Reporting Entities and their advisors in understanding when a Prospectus is required, what information should be disclosed in a Prospectus, and what process should be followed to apply for approval of a Prospectus.

3) FSMR and MKT set out the requirements for the content of a Prospectus. The information set out in this Guidance on how to draw up a Prospectus and best meet its disclosure requirements is intended to improve the quality of a draft Prospectus submitted to the FSRA for approval, making the review process by the FSRA more efficient.

4) Unless otherwise defined, or the context otherwise requires, the terms contained in this Guidance have the same meaning as defined in FSMR or the FSRA Glossary Rulebook. In the "Disclosure requirements" section, where a reference is made to an RS item, it should be read as a reference to an item within Rule A1.1.1 of APP 1 in MKT, which contains disclosure requirements for a Registration Statement ("RS") within a Prospectus. Where a reference is made to an SN item, it should be read as a reference to an item within Rule A1.2.1 of APP 1 in MKT, which contains disclosure requirements for a Securities Note ("SN") within a Prospectus.

5) The term "Prospectus", in line with section 61(2)(b) of FSMR, refers to a Prospectus approved by the FSRA, unless the context requires otherwise. In many sections in this Guidance, for example, where discussing the application process, the term "Prospectus" is used in the context of its earlier, pre-approval, drafts. In some paragraphs however, the term "Approved Prospectus" is also used to emphasise its FSRA approved status.

6) The Guidance quotes specific Rules and items with disclosure requirements either for a Registration Statement or a Securities Note. This is only for ease of reference to the relevant Rules in MKT. When the FSRA interpretation of such Rules and items is provided, it relates to disclosure in a Prospectus in general, given that both the Registration Statement and the Securities Note are parts of the same Prospectus, irrespective of whether they are published separately or as one document.

7) This Guidance does not apply to Collective Investment Funds. Prospectus requirements that apply to Offers of Units of Funds can be found in the Fund Rules. If a Prospectus relates to Units of a Fund[1] and the Fund Manager will be seeking their admission to the Official List and to trading on a Recognised Investment Exchange ("RIE"), further information on the process relating to approvals of such Prospectuses can be found in MKT Chapter 3, which is not the subject of this Guidance.

8) Eligibility requirements, as set out in Chapter 2 of MKT, and the FSRA reviews arising from applications for the admission of Securities[2] to the Official List ("Listing Applications") are not covered by this Guidance. Any references in this Guidance to eligibility in the context of Listing Applications are for completeness only, for example, in

[1] A Prospectus for a Collective Investment Fund may mean an information memorandum, an offering memorandum, a private placement memorandum or any other similar document.
[2] Including Units of Funds.

relation to what forms or checklists should be submitted as part of the application for approval of a Prospectus, when admission of Securities to the Official List is also sought by an Issuer. For more information on the process relating to applications for Listing and associated FSRA eligibility review, please refer to the FSRA Guidance Note on the Listing Applications.

9) Rules and items in MKT APP 1 which are not addressed in this Guidance should be interpreted as they are written and the FSRA is not of the view that any further explanation of them is merited.

10) Pursuant to section 50(1) of FSMR, and in connection with its market related supervisory responsibilities, particularly those performed under FSMR and MKT and in maintaining the Official List, the FSRA may refer to itself as the Listing Authority. For consistency and ease of reference in this Guidance, all references will be made to the FSRA, in its capacity as the Regulator or as the Listing Authority. Note, however, that in other publications, forms or communications, the FSRA may refer to itself as the Listing Authority.

11) Nothing in this Guidance binds the FSRA in relation to the application of FSMR or MKT to a particular Issuer, Prospectus, or to a particular situation. This Guidance is not an exhaustive source of the FSRA's policy on the exercise of its regulatory functions and powers. The FSRA is not bound by the requirements or interpretations set out in this Guidance and may:

a) impose additional requirements to address any specific or relevant circumstance; or

b) waive or modify any relevant part of MKT, at its discretion, where appropriate.

12) For more details on the FSRA's requirements and process in relation to Offers of Securities, please contact the FSRA via email at: LA@adgm.com.

PROSPECTUS REQUIREMENTS

When a Prospectus is required

13) A requirement to produce a Prospectus comes from the general prohibitions expressed in sections 58(1) and 61(1) of FSMR, according to which a person cannot:

a) make an Offer of Securities in the Abu Dhabi Global Market ("ADGM"); or

b) have Securities admitted to trading on an RIE,

unless there is an Approved Prospectus in relation to the relevant Securities. Such a Prospectus can relate to an Offer of Securities in ADGM, to admission of Securities to trading on an RIE, or to both[3].

[3] In the case of Retail Debentures or Sukuk, a Prospectus Offer can only be made if the Issuer of a Retail Debenture or Sukuk has applied for its admission to trading on an RIE, and the Issuer or guarantor of such Securities has received an investment grade credit rating from a credit rating agency acceptable by the FSRA. Further details on what agencies may be acceptable are included in MKT 4.14. A Prospectus Offer has been defined in section 61(4)(a) of FSMR and refers to both the making of an Offer of Securities and to having Securities admitted to trading on an RIE.

14) Pursuant to section 59 of FSMR, an Offer of Securities is defined as a communication to any person in any form or by any means, presenting information on the terms of the Offer and the Securities offered, to enable an investor to decide to buy or subscribe to those Securities.

15) The term "Security" is defined in section 258 of FSMR, and Schedule 1 of FSMR specifies a number of investments as Securities. The list in Schedule 1 is not exhaustive, as FSMR allows the possibility, pursuant to section 58(2)(b), for the FSRA to deem other investments, such as digital tokens exhibiting the features and characteristics of Securities ("Digital Securities"), to be Securities. For further information on the regulatory treatment of Digital Securities and the Prospectus content for an Offer of Digital Securities, please refer to the FSRA Guidance Notes on the 'Regulation of Digital Securities Activities in ADGM'[4] and the 'Regulation of Digital Security Offerings and Virtual Assets under the Financial Services and Markets Regulations'[5].

16) It should be noted that this Guidance deals with the relevant processes and Prospectus disclosure requirements in relation to Securities in general, without distinguishing between Securities as specified in FSMR and other investments which were deemed Securities by the FSRA in a separate process[6].

17) Apart from the Prospectus disclosure Rules which are common to all Securities, there are some additional Rules which have to be addressed only by Issuers of certain types of Securities, as specified in MKT APP 1[7]. A selection of requirements from MKT APP 1 will be further explained in this Guidance. Issuers should make sure that before drafting a Prospectus they consult the tables in MKT APP 1 and address only these requirements which apply to them. The relevant Rules will apply to both Issuers of Securities (for example, Shares) in a traditional sense where there is no doubt what they are, and also to Issuers of investments with the legal and economic characteristics of relevant Securities which have been formally deemed by the FSRA as Securities (for example, Shares)[8].

18) As set out in MKT 4.6.4, a Prospectus is only valid for 12 months from the date of its approval. It is only during the validity of a Prospectus, that the Securities to which a Prospectus relates can be offered for subscription or sale.

Prospectus content

19) A Prospectus is an important disclosure document whose purpose is to aid investors in making an informed decision before investing in Securities which are the subject of the Prospectus. Pursuant to section 62(1) of FSMR, it is required to contain all the necessary information for an investor to be able to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and any guarantor, and the nature of the Securities and the rights and liabilities attaching to those Securities.

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[4] 'Guidance – Regulation of Digital Securities Activities in ADGM': https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_19883_VER02240220.pdf. For regulatory treatment of Digital Securities see paragraphs 15-20. For Prospectus content for an Offer of Digital Securities see paragraphs 28-31.

[5] 'Regulation of Digital Security Offerings and Virtual Assets under the Financial Services and Markets Regulations': https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_19331_VER04240220.pdf

[6] Per section 58(2)(b) of FSMR.

[7] Being Shares, Debentures, Warrants over Shares, Warrants over Debentures, Certificates over Shares, Certificates over Debentures and Structured Products.

[8] Per section 58(2)(b) of FSMR.

20) All Prospectuses have to comply with the detailed disclosure requirements contained in MKT 4.5 and APP 1. The disclosure requirements are tailored to each type of Security, and are separated into different disclosure requirements for the three parts of a Prospectus (being a Summary, a Registration Statement and a Securities Note)[9].

21) Pursuant to MKT 4.5.1(2)(a), information in a Prospectus should be presented in a form which is comprehensible and easy to analyse. This means that the presentation of information should be focused and include only these facts which are relevant to investors. In addition, Issuers should avoid using technical and overly complex language, which may not be understood by all investors, even if commonly used in the industry. If it is necessary to use certain technical terms from the perspective of the accuracy of a Prospectus, their meaning should be described in simple terms for investors who may have not previously come across such terms.

22) In terms of Prospectus disclosure requirements for Mining Reporting Entities and Petroleum Reporting Entities, more detailed information can be found in the following Guidance Notes issued by the FSRA: 'Guidance – Disclosure Requirements for Mining Reporting Entities'[10] and 'Guidance – Disclosure Requirements for Petroleum Reporting Entities'[11], respectively.

Misleading and deceptive statements or omissions

23) Section 66(1) of FSMR contains a prohibition against misleading and deceptive statements or omissions in a Prospectus. In particular, the prohibition relates to making a Prospectus Offer if there is:

a) a misleading or deceptive statement in a Prospectus, any relevant application form (which is attached to or accompanies a Prospectus), or related communication;

b) any material omission from a Prospectus or an application form; or

c) a significant new matter or a significant change in circumstances that requires a Supplementary Prospectus to be issued.

24) If no defence specified in sections 67 and 68 applies (defence of reasonable enquiries and reasonable belief, or defence of reasonable reliance on information given by another person) or no Supplementary Prospectus has been issued, as relevant, and the FSRA believes that a person has committed a contravention of section 66(1) of FSMR, it can impose on the person disciplinary measures, which are described in Part 19 of FSMR.

[9] In addition, each Issuer seeking admission of its Securities to the Official List has to comply with the Listing Rules in chapter 2 of the Market Rules, including the Listing Principles in MKT 2.2 and general eligibility requirements in MKT 2.3. For further information on the requirements in the Listing Rules, please refer to the FSRA Guidance Note on Listing Applications.

[10] 'Guidance – Disclosure Requirements for Mining Reporting Entities': https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_24421_VER01280922.pdf. See in particular paragraphs 31-33 on Prospectus Disclosure and requirements in relation to Valuation Reports and operating in a sustainable manner.

[11] 'Guidance – Disclosure Requirements for Petroleum Reporting Entities': https://en.adgm.thomsonreuters.com/sites/default/files/net_file_store/ADGM1547_24422_VER01280922.pdf. See in particular paragraphs 32-34 on Prospectus Disclosure and requirements in relation to Valuation Reports and operating in a sustainable manner.

25) In addition, MKT specifies who is liable for the content of disclosures made in a Prospectus[12]. A person liable for a Prospectus is liable to pay compensation to another person who has acquired Securities to which a Prospectus relates and who has suffered loss or damage arising from any untrue or misleading statement in the Prospectus or the omission from it of any material matter required to have been included in the Prospectus (section 70(1) of FSMR).

Statements about future matters

26) A misleading or deceptive statement can be also made in relation to a future matter[13]. Section 69 of FSMR specifies that such a statement would be made if a person did not have reasonable grounds for making it or for causing it to be made. Defences in sections 67 and 68 of FSMR referred to in paragraph 24 above also apply to such statements.

Format of a Prospectus

27) A Prospectus can be drawn up as one document or can consist of three documents: a Summary, a Registration Statement containing information on the Issuer, and a Securities Note containing information relating to the Securities being offered (MKT 4.5.1(1)). Regardless of the format of a Prospectus, the overall disclosure requirements are the same and are set out in MKT APP 1 (for the Registration Statement and Securities Note) and MKT 4.5.2 (for the Summary). In terms of the order of information disclosed, MKT 4.5.2(1) prescribes that the Summary should be at or near the beginning of a Prospectus. Where it is not at the beginning of the document, the FSRA would expect it to appear immediately after a table of contents. Where a Registration Statement and a Security Note are published separately, the FSRA would also expect them to start with a table of contents. Issuers are free to choose the order in which all the remaining required information is disclosed.

28) If a Prospectus has been produced and approved as three separate documents, it is possible for an Issuer to use the already approved Registration Statement for a new Prospectus. This means that a new Securities Note and a Summary would have to be produced and assessed together with the existing Registration Statement as a new Prospectus requiring a new FSRA approval.

29) In this context, it is important to note that after the approval of a Prospectus, the Issuer becomes responsible for compliance with a range of new regulatory requirements, including making relevant disclosures to the market. Whenever it decides to re-use its already published and approved Registration Statement in a new Prospectus, it must make sure that it complies with the requirements of MKT 4.5.3 and 4.5.4 about the acceptable age of the financial information included in the Registration Statement[14], its relevant Disclosure obligations[15] and how the new Securities Note and the Summary should update the information in the previously published Registration Statement to make sure that the new Prospectus includes all required disclosures.

30) In circumstances where a Prospectus relates to a Debenture or a Warrant or Certificate over a Debenture that has a denomination of at least $100,000, and it has been

[12] See paragraphs 188-194 on the liability for a Prospectus.
[13] Paragraphs 122-130 on profit forecasts clarify in what circumstances such forecasts are allowed to be disclosed in a Prospectus (for example, they have to include assumptions and accountants' or auditors' report).
[14] The Registration Statement must include the most recent audited financial statements of the Issuer, relating to the period ending not more than 12 months prior to the relevant Offer (MKT 4.5.3).
[15] Disclosure obligations in MKT 6.2.9, which relates to Disclosure and reporting conditions for Price Stabilisation.

produced for the purposes of such Securities being admitted to trading on an RIE, the Prospectus is not required to contain a Summary, as stated in MKT 4.5.2(2).

31) Pursuant to MKT 4.5.5, an application form for the issue or sale of the Securities has to be included in or attached to a Prospectus if it relates to an Offer of Securities. The FSRA neither prescribes nor reviews the content of such application form.

Exemptions from the obligation to publish an Approved Prospectus

32) The FSRA has certain powers, pursuant to sections 58, 59, 60 and 61 of FSMR to prescribe certain communications, Offers, Offerors or Securities to be exempt from the requirement for an Approved Prospectus in order to make an Offer of Securities or have Securities admitted to an RIE.

Exempt Offers

33) Section 61(3)(a) of FSMR provides that the provisions in section 61(1), requiring an Approved Prospectus in relation to an Offer of Securities, do not apply where an Offer of Securities is made via an Exempt Offer. For such purpose, MKT 4.3.1 specifies a list of circumstances in which a Person may make an Exempt Offer[16]. A Debenture or Sukuk Offer to Retail Clients cannot, however, be made by way of an Exempt Offer, in accordance with MKT 4.3 Guidance 1.

34) An Issuer can satisfy, or utilise the circumstance pertaining to, more than one type of Exempt Offer. As stated in MKT 4.3.3 (2), however, an Issuer is not allowed to take advantage of the combined circumstances of two specific Exempt Offers, being MKT 4.3.1(2) and 4.3.1(13), when determining its Offer as an Exempt Offer.

35) A Person making an Exempt Offer is required, by MKT 4.3.4, to ensure that an exempt offer statement is included in its Exempt Offer Document. This statement confirms that the FSRA has no responsibility for reviewing, approving or verifying any documents in connection with an Exempt Offer.

36) In the case of Exempt Offers under MKT 4.3.1(13)[17], an Issuer must provide, apart from the Exempt Offer document, a Product Summary Note to investors, drafted in accordance with the requirements of MKT 4.3.5 and using the format as set out in MKT APP 7. Pursuant to MKT 4.3.5(3), the FSRA is to be notified by the Issuer of its intention to provide a Product Summary Note at least 10 Business Days prior to the Exempt Offer using form MKT 4-3.

Exempt communications

37) For the purposes of section 59 of FSMR, there are several forms of Securities-related communications that do not of themselves form an Offer of Securities, such as

[16] For example, a small size of an Offer, where drawing up a Prospectus would be a disproportionate burden for an Issuer, is one of the reasons for removing the requirement to publish an Approved Prospectus. As prescribed by MKT 4.3.1(5), for Offers of Securities with the total aggregate consideration of less than $100,000, or an equivalent amount in another currency, calculated over a period of 12 months, the cost of producing a Prospectus is likely to be disproportionate to the expected proceeds of the Offer.

[17] MKT 4.3.1(13) specifies the following circumstances: *"other than in relation to Debentures and Sukuk, an Offer in or from the ADGM which is directed at no more than 200 Persons that are not Professional Clients or Market Counterparties, in circumstances where the Securities are, or have been, offered within a Private Financing Platform or via a Multilateral Trading Facility ("MTF")"*. For more details on what an MTF must establish to allow 200 such Persons ("retail investors") to be granted access to its market for such Securities, please refer to COBS 8.2.2.

communications made to comply with the ongoing reporting requirements. For the purposes of section 59(c) of FSMR, the FSRA has further prescribed in MKT 4.2.1, that communications which are made in the following circumstances are Exempt Communications:

a) in connection with the trading of Securities that are listed and traded on a Regulated Exchange[18]; and

b) in the ordinary course of business of an Authorised Person, Recognised Body or Remote Member.

Exempt Securities

38) Exempt Securities can be admitted to trading on an RIE without a Prospectus, as the prohibition in section 61(1) of FSMR does not apply to them. MKT 4.4.1 contains a full list of such Exempt Securities, including, for example, Securities, which are offered in connection with a takeover or a merger, provided that all the information which satisfies the Prospectus disclosure requirements in FSMR and MKT has been included in another document made available to investors and/or Shareholders.

Exempt Offerors

39) Exempt Offerors and, more specifically, Securities of an Exempt Offeror and Securities which are unconditionally and irrevocably guaranteed by an Exempt Offeror, are excluded from the requirement to have an Approved Prospectus in circumstances under section 58(1) of FSMR, pursuant to section 60(1) of FSMR. A list of Exempt Offerors, which includes recognised governments, is maintained by the FSRA in MKT APP 5.

APPLICATION PROCESS

Early engagement

40) To ensure efficiency of the Prospectus review process, Issuers and their advisers are encouraged to contact the FSRA at an early stage to discuss the proposed transaction (Offer of Securities and/or admission to trading on an RIE), its timeline and any potential waivers and modifications of MKT. The purpose of this pre-application engagement is for the Issuer to present to the FSRA an overview of the proposed transaction and to draw FSRA's attention to any problematic areas or unusual features of the transaction. This will also be an opportunity for the FSRA to provide feedback on the timeline expectations of the Issuer, to ask for further clarifications or to indicate areas where further work might be required prior to making the first submission of the documents related to the approval of the Prospectus. The FSRA may also require that an Offer of Securities, if applicable, is underwritten by an underwriter acceptable to the FSRA pursuant to MKT 4.13.1.

41) If there are any areas where an Issuer is not certain how a specific MKT Rule should be addressed or whether it even applies to their circumstances, they should raise this directly with and seek guidance from the FSRA. This will prevent situations in which it is discovered during the review process that a Prospectus lacks required disclosures, or for some reason the Issuer cannot satisfy a particular MKT Rule. This could result in the delay of the approval, and publication, of a Prospectus, or even prevent the completion

[18] Regulated Exchange means an exchange regulated by a Non-ADGM Financial Services Regulator.

of the transaction. Requests by an Issuer to the FSRA of such nature should be made in writing.

42) If an Issuer wishes to omit certain required information from the Prospectus or ask for a waiver or modification of a particular disclosure requirement, they should communicate this to the FSRA as soon as possible. Any proposed changes to the applicable MKT Rules should be requested in writing using form MKT 1-1. In such circumstances, the Issuer should not proceed with the formal submission of the first draft of the Prospectus until it is notified by the FSRA of the outcome of their waiver or modification request. The Issuer risks otherwise finding out at a later stage of the Prospectus review process that the approval of their proposed draft of the Prospectus may not be possible. The Issuer should, therefore, build the time the FSRA may take to review such requests into their transaction timeline.

43) All the above-mentioned issues (such as waivers or modifications of the Rules or guidance requests) may delay FSRA approval of a Prospectus. For this reason (and to account for circumstances where the FSRA does not consider that a submitted Prospectus meets all the disclosure requirements[19]), and pursuant to the guidance set out at the end of MKT 4.6.1, Persons/Issuers intending to apply to the FSRA for approval of a Prospectus should consider submitting a draft Prospectus for preliminary review by the FSRA prior to formally submitting the Prospectus for FSRA approval.

44) Issuers and their advisers can contact the FSRA using the following email address: LA@adgm.com. The submission of Prospectus related documentation, including updated drafts of the Prospectus produced during the review process, should be made via email. The final version of the Prospectus to be approved by the FSRA should also be uploaded to the Disclosure Platform, as discussed in paragraph 54 below.

Submission of documents

45) All documents should be submitted by email to LA@adgm.com. Table 1 contains the list of documents to be sent in the first submission for approval of a Prospectus. If the requirements set out in Table 1 below (reflecting the obligations set out in MKT 4.6.1) are not met to the satisfaction of the FSRA, then the FSRA will confirm to the Issuer that the submission is not complete, including the reasons why.

Table 1: Documents to be included in the first submission

Document / Form	Rule	Notes
Draft form MKT 4.6-1	MKT 4.6.1(1)(a)	Application for the approval of a Prospectus.
Form MKT 4.6-2	MKT 4.6.1(1)(a)	Payment confirmation form. Filing fees are payable pursuant to the Fees Rules and are due

[19] When the FSRA is not satisfied that a submitted Prospectus complies with all the relevant MKT Rules, this will require the Issuer to make changes to the Prospectus, likely prolonging the period between the initial submission of the Prospectus for approval (together with a corresponding application form) and the actual approval, especially if it takes a number of updated versions of the Prospectus before it can be accepted by the FSRA as compliant with the relevant requirements. Issuers are therefore encouraged to contact the FSRA with a copy of a draft Prospectus earlier than as specified in MKT 4.6.1(2) (which prescribes the minimum number of Business Days between the submission of an application for approval of a Prospectus and the Issuer's expected approval date).

Document / Form	Rule	Notes
		with the first draft of the Prospectus.
First draft of the Prospectus	MKT 4.6.1(1)(b)	
Prospectus disclosure checklists	MKT 4.6.1(1)(c)	• Summary checklist; • Registration Statement checklist; and • Securities Note checklist – for the appropriate type of Security.
Any documents incorporated in the Prospectus by reference	MKT 4.6.1(1)(d)	If applicable and available at this stage, for example, the Issuer's financial statements or any Expert opinion, statement or report ("Expert Report").
Any other documents required by the FSRA and requested in the pre-application engagement	MKT 4.6.1(1)(g)	For example, third party certifications pursuant to MKT 5.1.2(1)(b) or legal opinions.
Form MKT 1-1		Waiver / modification request (if applicable).
In addition to the above, if an Issuer is seeking admission to the Official List, the following documents should also be submitted:		
Draft eligibility requirements checklist	MKT 2.4.1(3)	

46) Each subsequent submission should include the following:

a) the subsequent draft of the Prospectus (including both a marked-up version and a clean version); and

b) a marked-up version of the Prospectus disclosure checklists (pursuant to MKT 4.6.1(1)(c)).

Assessment

47) The purpose of the FSRA assessment is to review a Prospectus from the perspective of the regulatory requirements in relation to its content and structure. While the FSRA can identify deficiencies in a Prospectus relating to its compliance with relevant disclosure requirements in MKT, it is not the FSRA's role to assess the suitability of the Securities to which a Prospectus relates, or to verify and accept responsibility for the information included in a Prospectus, including accuracy and completeness of such information. Further details on who is responsible for the content of a Prospectus are set out in paragraphs 188-194. Each Prospectus, as required by MKT 4.5.1(3)(d), should have a prominent disclaimer in bold, on its front page, confirming the specific role of the FSRA.

48) On receipt of the complete application for approval of a Prospectus, including all the necessary forms and a draft Prospectus[20], the application will be allocated to a review team. Contact details of the review team will be shared with the Issuer at the time, if they have not already been shared in the pre-application engagement. Any further interactions in relation to the approval process will be between the Issuer's main contact/Sponsor and the review team.

49) The review team will aim to read the first submission and respond to the Issuer with any comments, in writing, within five Business Days. The day of submission counts as day one if all the documents are received on a Business Day before 8 am, otherwise day one starts on the next Business Day.

50) Upon receipt of the FSRA's comments, the Issuer should address all of them in the next draft of the Prospectus and, when ready, make a subsequent submission including two main documents, being a marked-up draft of the Prospectus showing changes (both deletions and additions) as compared to the previous draft, and a clean version of the same document[21]. Marked-up versions of the Prospectus disclosure checklists should also be submitted. The FSRA's timeframe to review a second and each subsequent submission and respond to the Issuer with any comments is intended to be three Business Days. The types of comments which the FSRA may raise include comments relating to a particular disclosure in the Prospectus (or lack thereof) and requests for further information, clarifications/explanations, or further documents (for example, legal opinions or transaction documents).

51) The review process reflects an ongoing engagement between the FSRA and the Issuer, who will have a chance to respond to the FSRA comments and/or make amendments to the disclosures within the Prospectus. As set out earlier, all amendments (deletions and additions of text) should be submitted to the FSRA in marked-up form.

Approval

52) When a Prospectus has satisfied all the FSRA comments, any waiver or modification requests have been agreed and the Issuer has received confirmation from the review team that the FSRA is minded to approve the Prospectus, the Issuer and the FSRA should agree the approval date. To approve a Prospectus, pursuant to MKT 4.6.2, the FSRA will have to be satisfied not only that a Prospectus meets all the disclosure requirements but also that the Issuer's Board has appropriate systems and controls in place to comply with the Issuer's ongoing regulatory obligations (such as the continuous Disclosure obligations prescribed in MKT 7), and the FSRA has received all the required, if applicable, consents[22]. On the day of approval, the final draft of the Prospectus should be submitted (in clean and marked-up versions) together with the forms listed in Table 2.

[20] Which may also be accompanied by an application for admission of Securities to the Official List.
[21] As set out earlier in paragraph 46.
[22] Such as prior written consent from an Issuer to a Financial Intermediary, required to be filed with the FSRA pursuant to MKT 4.6.5, allowing the Financial Intermediary to make on Offer of Securities in reliance on an Approved Prospectus.

Table 2: Documents to be included in a final Prospectus submission

Document / Form	Notes
Final draft of the Prospectus	A clean version to be approved and a marked-up version showing the latest changes.
Form MKT 4.6-1	Application for the approval of a Prospectus.
Any documents incorporated in the Prospectus by reference	Unless previously submitted and the Issuer confirmed they had not changed.

53) The final submission should be made on the day of the approval, before 10 am. If there are any changes made to the Prospectus in the final draft, which go beyond necessary updates that the FSRA expected (such as the date of approval of the Prospectus), this may result in a delay of the FSRA approval, given that the review team may need to ask further questions, request further information, or require further amendments to the Prospectus. When the FSRA approves the Prospectus, the Issuer will be notified of this fact by email on the same day.

54) Once a Prospectus has been approved by the FSRA, it must be made available to the public by being published. The Issuer is required to upload the final, ready to be approved draft of the Prospectus to the Disclosure Platform on the day of approval, so that it can be approved and published by the FSRA on the Disclosure Platform on the same day. In addition, the Issuer must ensure that the Prospectus is also made available to the public, as soon as is reasonably practicable (the FSRA expects this to be done on the approval day), either in a printed form at the registered office or in electronic form on the website of at least one of the following:

a) the Person making the Prospectus Offer;

b) any Authorised Person acting as the placement or selling agent in respect of the Offer; or

c) the relevant Recognised Body on which the Securities are to be traded (if applicable),

pursuant to MKT 4.6.3(2).

FSRA decision not to approve a Prospectus

55) The FSRA may be minded to refuse to approve a Prospectus if it believes that the Prospectus is not compliant with the relevant provisions under FSMR or MKT. In such circumstances, the Issuer will be notified of this decision in writing in a warning notice, pursuant to section 246(1)(m) of FSMR. A warning notice will specify the action the FSRA proposes to take and the reasons behind it, will set out the process which will be followed in a situation where the Issuer would like to make representations to the FSRA, and will state the terms of any statement to be published, as prescribed in section 247 of FSMR.

56) A warning notice may only be published following a written agreement allowing Publication entered into between the FSRA and the person to whom the notice was addressed, in accordance with section 252(1) of FSMR.

57) Having provided a warning notice to an Issuer, the FSRA will decide, within a reasonable period, whether to give the Issuer a decision notice[23]. A decision notice, in specific circumstances, may be followed by a final notice of the FSRA's refusal to approve a Prospectus[24]. Both types of notices can be published by the FSRA at its discretion[25].

58) An Issuer can withdraw its application for approval of a Prospectus at any time.

DISCLOSURE REQUIREMENTS

59) A Prospectus is to be published and made available to investors in the same form as it was approved by the FSRA. Disclaimers, such as electronic transmission disclaimers, and advertisement[26] language are not parts of a Prospectus and will not be expressly approved by the FSRA.

Disclosure - Summary

60) Each Prospectus should start with a Summary. This is a stand-alone section that sets out the key information relating to the Issuer and its Securities. It should not incorporate any information by reference or include references to other parts of the Prospectus. MKT 4.5.2 and 4.5.5 set out detailed requirements for the content of a Summary[27].

Disclosure - Registration Statement and Securities Note

61) As a Summary is just an introduction to a Prospectus, summarising information which should be disclosed in further detail in the main body of the document, the further sections of this Guidance will focus on the specific disclosure requirements for a Registration Statement and a Securities Note. These sections address only the Rules which require further interpretation and are set out in sequential order, as presented in MKT. Some requirements apply only to certain types of Securities, for example, Shares. Where this Guidance Note provides no additional information or interpretation for a certain Rule in relation to a Registration Statement or a Securities Note, the FSRA is comfortable that the Rule is clear and can be interpreted in the form it is written.

Business activities of the Issuer (RS item 2.1)

62) A Prospectus should include not only a detailed description of the actual activities of an Issuer and its Group but also details of its history and proposed activities. This is relevant to investors in all situations. It may be particularly relevant where an Issuer has changed

[23] Section 247(2) of FSMR.
[24] Section 251 of FSMR.
[25] Section 252(3) of FSMR.
[26] MKT 4.12.1 contains information on advertisements relating to a Prospectus Offer and, specifically, on what they should contain: a statement that a Prospectus has been approved by the FSRA and published or is to be published, and an address in ADGM or a link to a website where the Prospectus can be accessed.
It is expected that an advertisement is consistent with the information disclosed in the Prospectus, will be updated and disseminated to initial recipients of the advertisement after a publication of a Supplementary Prospectus, will include a recommendation to read the full Prospectus, and will not create the impression that the FSRA's approval means the FSRA's endorsement of the Issuer and/or the Issuer's Securities.
[27] For details on the disclosure of risk factors within the Summary, please refer to paragraphs 86-88.

its business model in the recent past, proposes to enter a new sector, or change its business strategy.

63) It is easy to overlook the importance of disclosure of the historical activities of an Issuer, including if it has undergone a number of acquisitions, disposals, changed its business sector, moved operations from one jurisdiction to another, or is today no longer similar to the entity or Group it used to be. It is important therefore to provide a detailed explanation of the past activities of an Issuer to make sure that investors can fully understand its historical business and financial information in context, and to what extent they are representative of the Issuer going forward.

64) An investor should also be able to assess from the information within the Prospectus whether the past changes were a result of external, independent of the Issuer circumstances (such as economic, political or commercial) as opposed to internal actions (including of its Board and Senior Management). Table 3 below includes some examples of past events that specifically require further detail, especially if some of them took place more than once or at the same time as some others.

Table 3: Events from the Issuer's history which require further disclosure

Event	Notes
The Issuer exited a specific business sector.	What was the reason? For example, if the Issuer was a mining company, what happened with its investments (equipment, licences, interest in mines)?
The Issuer exited a specific jurisdiction.	What was the reason?
Senior Management of the Issuer has been replaced.	What was the reason? Are there any allegations of misconduct?
The Issuer changed its strategy.	Why was the strategy changed? Were there any management failures? Has the previous strategy led to material litigation, losses or liabilities?
The Issuer changed its name.	Why was it changed? Was it because of the Issuer's reputation under the previous name?
Major Shareholder(s) of the Issuer sold their Shares.	What was the reason behind the sale?
The Issuer's Securities used to be listed at one or more different trading venues at different times.	What was the reason for the cancellation of the listing? Was it related to the Issuer's ability to meet its ongoing regulatory obligations? Was it the Issuer or the trading venue that initiated the cancellation? Did the Issuer's Shareholders approve the cancellation?

65) Where an Issuer is a relatively new Company, or an established one which proposes to enter a new industry or start new business operations, its proposed activities will have to be described in detail. This disclosure will help an investor to assess the prospects of

the Issuer, especially given that its past business / financial information may not likely be representative of future business / financial performance.

66) The type of information required to be disclosed by a Company with proposed / not fully developed business operations should be similar to the type of information expected to be disclosed by a Company already fully operating in a particular sector (including details of the relevant markets, products, customers, licences, etc. – whether existing or intended). In relation to proposed acquisitions, disposals or joint ventures[28], it is important to state whether the target or the other party to an agreement has been identified, the status of discussions/negotiations with the other party and the likelihood and relevant timings of completion of the transaction. If the proposed transaction was not to occur, what would be the consequences of that to the Issuer? Does the Issuer have any specific time period in which it needs to proceed with the stated strategy before any negative consequences take place?

67) If there are any licences, permits or regulatory approvals needed to proceed with the Issuer's proposed business operations and strategy, these will need to be described in detail. The status of any applications in progress, expected approval dates and consequences of not receiving the required decisions are also expected to be disclosed.

Significant factors affecting income/operations (RS item 2.2(c))

68) Some of the factors affecting an Issuer's operations stem from the environment in which it operates. The Issuer should not only monitor laws and regulations in all the areas and jurisdictions of its business activities, but also disclose in the Prospectus the material extent to which its Group was or might be influenced by recent and/or prospective changes in relevant laws and regulations. Existing legislation can also be a factor which will have to be disclosed.

69) Particular attention should be paid to circumstances affecting an Issuer's activities in foreign jurisdictions including, for example, whether there have been/will be any changes relating to a foreign government's industry or sector-specific policies, and foreign ownership controls and approvals.

70) An Issuer should also be conscious of circumstances which are common to both the Issuer's and other Companies' operations in a foreign jurisdiction, which while existing for a number of years are not explicitly permitted under local law (for example, operating on a site/land which is not permitted to be occupied by a foreign Company or operating acquired businesses which did not seek relevant permits prior to being acquired). An Issuer may have to reference that current law could be applied retroactively, if this is the case, and, when enforced, might affect the business operations of the Issuer, even though no legal action has been taken to date.

71) If an Issuer's ability to operate its business as it currently does can be restricted, or the timing/costs of a given project can be materially affected, as a result of the regulatory and other factors referred to in this section, this should also be reflected in the risk factors section (see below from paragraph 72), if it meets the relevant materiality threshold.

[28] These proposals will likely have to be only parts of a wider business operations, if an Issuer is seeking admission to the Official List, as cash shell companies are unlikely to meet the eligibility criteria for listing (see the specific Guidance under MKT 2.3.4).

Risk factors (RS item 2.3 and SN item 1.1)

72) The disclosure of risk factors is an important part of a Prospectus as it enables prospective investors to consider all the facts relevant to their investment, including those factors which might adversely influence the future performance of an Issuer and the value of its Securities. The following paragraphs provide general guidance on the presentation and content of risk factors in a Prospectus, notwithstanding the fact that Issuers operate in different industries, are at different stages of development and have unique circumstances which translate into a different set of risk factors for each Issuer and its Securities.

The structure of the risk factors section

73) It is expected that risk factors will be included in a separate section, preferably near the description of the Issuer and the Offer (if any), or even shortly after the Summary. A risk factors section should be stand-alone. An investor should not be asked to refer to other parts of the Prospectus for further details and should be able to understand the materiality of a given risk from its description.

74) Risk factors should be clearly marked as those relating to the Issuer or to the Issuer's Securities. These two sections can have further categories of risks such as those relating to the Issuer's business, industry and jurisdictions in which it operates, or even to a particular part of its business (such as risks relating to a proposed acquisition or a specific project). Environmental, social and governance risks should be disclosed in a separate category. Risks relating to the Issuer's Securities can also be presented in several categories, such as those in relation to the nature of the Securities, the Offer, or the guarantor or the underlying, if applicable.

75) Prominent disclosure is required of all risk factors. This can be achieved not only by presenting them in their own section but also in a logical and structured way. It also means that an Issuer cannot 'hide' away within the Prospectus the disclosure of its risk factors. The Issuer is advised to present the most important ones near the beginning of each category, bearing in mind the probability of their occurrence and expected magnitude of their negative impact on the Issuer or its Securities.

Presentation of each risk factor

76) Only risk factors considered by the Issuer and its Directors, or any other Person taking responsibility for the Prospectus, as material should be disclosed. A risk is considered material if its occurrence would have a material adverse impact on the business, results of operations, financial condition or prospects of the Issuer, as well as the value of Shareholders' investment in the Issuer. It is worth noting that even risks with a low likelihood of occurrence but with severe consequences if they did crystallise, are likely considered material.

77) It is not advisable for the Issuer to incorporate risk factors by reference into a Prospectus from a different document, such as an annual report, as other documents produced by or for the Issuer are governed by different sets of rules and have different materiality thresholds.

78) Examples of circumstances which could give rise to material risks, depending on the nature of a particular Issuer, are presented in Table 4. Please note that this is not an exhaustive list of risks faced by Issuers.

Table 4: Examples of circumstances that could indicate the existence of material risks

Reliance on third party providers who cannot be easily (due to high cost or timing issues) replaced, and/or are based in other jurisdictions.
Reliance on a limited number of key senior managers, customers or suppliers.
Material contracts expiring in the near future.
Awaiting the outcome of patent applications or any other approvals.
Pending/ongoing litigation with an uncertain outcome.
Planned changes in legislation which could negatively affect the Issuer's business.
Restrictive covenants in existing credit agreements when the Issuer needs to raise further funds.
The Issuer has not reached commercialisation stage of its core products.
The Issuer is a Petroleum Exploration Reporting Entity with no Probable or Proved Reserves.
The Issuer operates in a politically unstable jurisdiction.
The Issuer, a Mining Reporting Entity, operates in an area known for native title claims.
The Issuer has recently acquired other businesses which haven't been fully integrated into the Issuer's group yet.
The Issuer heavily relies on IT in its operations.
The Issuer stores sensitive customer data.
At the date of the publication of the Prospectus, the Issuer does not have sufficient working capital for the next 12 months.

79) Each risk factor should be specific to a particular Issuer or its Securities. Even if Issuers operate in the same industry, are at a similar stage of development (start-ups versus growth and mature companies), operate in the same regulatory environment or even are of a similar size, they are not identical. They can differ from each other in many respects, including in relation to brand reputation, market share, existing contracts with third parties, stated strategy and financial position. For this reason, the negative impact of a given risk, which may be common in a particular industry, will be different for every Issuer and should be presented as such in a Prospectus if it is material enough to be disclosed.

80) If an Issuer plans to include any general risks affecting the industry and/or the jurisdiction of the Issuer's operations, the disclosure of the risk factors should still be tailored to the particular Issuer. It is helpful in such situations to provide some context of how the Issuer fits within the industry, to what extent its operations are linked to a particular jurisdiction and affected by its geographic location or any potential changes to this jurisdiction's legislation. The negative impact of such risks should be specific to the particular Issuer or its Securities.

81) Each risk factor should include an explanation of how it would impact the Issuer or its Securities if it crystallised. Depending on the specificity of a particular risk, it may be possible to provide more detailed information than just a general reference to a material

adverse effect on the Issuer's operations or financial condition. For example, if there is a risk that existing investors' shareholdings might get diluted in certain circumstances (such as conversion of convertible Securities), it is expected that the risk factor will refer to the exact percentage by which the Shareholders will be diluted if all convertible Securities were converted or all warrants and options were exercised.

82) If consequences of a risk occurring cannot be quantified, a discussion of how exactly the Issuer's business or Securities will be impacted is expected. This can be achieved by referring not only to the Issuer's business in general but, for example, to its earnings, expenses or terms of contractual agreements with third parties.

83) For certain risk factors, an Issuer may want to include information on whether a given risk has previously crystallised and how the Issuer dealt with it. This will be particularly useful in situations where the Issuer needs to apply for renewal of certain licences or contracts, or for waivers from financial covenants imposed by banks, and there is a risk that they will not be granted or renewed.

84) Any mitigating actions and risk management policies the Issuer has employed or is planning to implement should be disclosed for each risk factor. If mitigating/risk management actions can significantly reduce the probability of a given risk occurring, a question should then be asked whether this risk is still material enough to be included in the Prospectus. The purpose of this disclosure is to provide an investor with the full set of facts allowing them to better assess the severity of the risks facing the Issuer and its Securities.

Risk factors – linkage to other parts of a Prospectus

85) Even though they will be clearly labelled as risk factors, the disclosure of them should be integrated into the wider disclosures relating to the Issuer, its business operations and any Offer of Securities. The disclosure of risk factors is intended to provide information as to how the Issuer's operations may change if certain risks crystallise, and should therefore be corroborated by information included in other parts of the Prospectus. Table 5 includes examples of risk factors, with the corresponding type of information expected to be disclosed elsewhere in the Prospectus.

Table 5: Risk factors and corresponding disclosure

Risk factors section	**Disclosure in other parts of a Prospectus**
Relevant permits, licences or leases may not be granted or renewed	Description of the relevant permits, licences or leases needed for the Issuer's operations. Information on which of them have already been granted, which are at the application stage, and which will have to be renewed and when.
Regulatory consents may not be granted	Description of the regulatory environment in which the Issuer operates or intends to operate. Information on what permissions and consents are needed for the Issuer's operations and whether it has already received them or is in the process of applying for them.

Risk factors section	Disclosure in other parts of a Prospectus
Key person risk	Information on who the key persons are and what their role at the Issuer is.
Intended acquisition may not take place	Information on the strategy of the Issuer, whether any acquisition targets have been identified and whether any discussions have taken place with relevant third parties to achieve the stated goals.
Litigation risk	Disclosure of the types of proceedings the Issuer, due to its nature, is exposed to and details of any significant legal and other proceedings against the Issuer.
Risk related to taxation	A general overview of tax considerations relevant to the Issuer and its prospective investors at the time of publication of the Prospectus, taking into account the jurisdictions in which the Issuer operates and any pending tax legislation.
Political risk	Description of where the Issuer's operations are located and to what extent its operations can be influenced by local political events.
Dilution risk	Information on any convertible Securities issued by the Issuer, including the relevant amounts, their holders and when they can be converted. Similar information on options and warrants.

Risk factors in the Summary

86) The Summary of a Prospectus must include key information relating to the risks specific to the Issuer and its Securities. This means that out of the risks disclosed in the Prospectus, only those which are considered to be the most essential to an assessment by a prospective investor should be included in the Summary. They should be summarised in a way which does not leave any doubt as to what exactly a given risk means. For example, simple statements of facts, such as those in Table 6, are not sufficient.

Table 6: Statements which, on their own, are not risk factors

Reliance on key personnel within the Issuer.
Global supply changes due to a potential economic downturn.
The Issuer's success depends on its ability to respond to customer preferences.
The Issuer relies on a variety of intellectual property rights.

The Issuer is subject to international trade laws.

87) Such statements in Table 6 would have to be further explained by naming the specific risk and describing its consequences in relation to the Issuer and/or its Securities. For example, an Issuer which relies on key personnel might want to disclose, if this is the case, that there is a possibility that the key personnel might leave the Company in the near future. This would pose a material risk to the Issuer as it may not be easy in its industry to replace such personnel and as a result future operations of the Issuer may be adversely affected.

88) The disclosure of risk factors in the Summary should be consistent with their presentation in the risk factors section. This relates to both the types of the risks disclosed and their order.

Group structure (RS item 3.3)

89) It is not possible to fully understand an Issuer's business if it belongs to a Group, and the Prospectus lacks detail on the Group structure and its individual members. For this reason, many disclosure requirements concern not only the Issuer but its whole Group or Subsidiaries. For example, financial information has to be disclosed on a consolidated basis, which means consolidated financial statements of the Issuer and its Subsidiaries.

90) In addition to addressing specific disclosure requirements from the perspective of a Group, it is necessary to include a separate description of that Group, including dormant companies, focusing on its individual members, operations and even history, if relevant. Material disposals within the Group should also be disclosed.

91) When describing a Group in a Prospectus, it might be useful to include its structure chart, particularly if it is complex due to a legal nature of its members, ownership or voting rights. In addition, if there are unusual arrangements within a Group, such as due to specific legal environment in a given jurisdiction, they should be explained. For example, circumstances where one Group member controls the other entity (also a member of the same Group) not through holding Shares in it (or via indirect ownership rights), but by virtue of a contractual agreement with this entity which gives the Group member certain rights, such as the power to determine the entity's strategy, the right to appoint its Directors or to receive its net profits. Any structure chart representing this relationship should be supplemented with a clear narrative description.

92) If an Issuer is a recently incorporated Holding Company for an existing Group (where disclosure on the existing Group, including financial statements, will form the main part of a Prospectus), it is still subject to the same disclosure requirements as any other Issuer. Whilst many of those requirements may be easily satisfied, some of them may be more problematic - such as disclosing the financial history of the Issuer, where the existing Group has been in operation for longer than the newly created Holding Company / Issuer.

93) For this purpose, where the existing Group, and more precisely, the Issuer's Subsidiaries, have been in operation for the sufficient length of time, they should disclose relevant financial information for the last two or three financial years depending on the Securities which are the subject of a Prospectus. This is to ensure that prospective investors are presented with all the necessary information to make informed investment decisions. Historical financial information of a newly incorporated Issuer on

its own will not be representative of the whole Group, as such financial information does not exist on a consolidated basis taking into account the whole Group.

94) In terms of the Issuer, a new Company inserted over the existing Group, it will have two options. It can produce and disclose its audited accounts for the period it has been in operation, even if they cover a very short period. Alternatively, it can request from the FSRA a waiver from this particular requirement to submit audited financial information. Such waivers are not granted automatically, as the information on whether the new Company entered into any transactions, has any liabilities and alike will have to be considered. The same principle applies if, for various reasons, the existing Group decides to insert more than one Company into the structure (over the existing Group). Each of these new Companies will be responsible for either including audited accounts in a Prospectus, for the periods they have been in operation, or seeking a relevant waiver from the FSRA.

95) Some Groups may want to undergo a reorganisation prior to offering Securities to investors. This might be a simple transaction, like an insertion of a newly incorporated Holding Company, or more comprehensive changes affecting not only the position of the entities within the Group but also the capital structure of the Group and its classes of Securities. In the latter case, the process of implementing all the changes might be quite long and involve a number of steps including Shareholder approval. In general, it is important to make sure that all the reorganisation steps are completed before the publication of the Prospectus. Otherwise, the Prospectus has to make it clear which steps have not yet been completed, and what the proposed timeline is. Under no circumstances will the FSRA approve a Prospectus with a new Holding Company as the Issuer, where the Issuer / Holding Company has not yet been incorporated or inserted into the Group, even if the relevant timelines for this to happen are disclosed in the Prospectus.

Material contracts (RS item 4.2)

96) Certain contracts, entered into by an Issuer or any member in the Issuer's Group, and excluding contracts entered into ordinary course of business, must be summarised in a Prospectus:

a) material contracts entered into in the period of two years prior to the publication of a Prospectus, and

b) any other contract, under which an Issuer or another member of its Group is still bound by a material obligation or entitlement.

97) What types of contracts will be disclosed by an Issuer in a Prospectus will depend on such factors as the sector in which the Issuer operates, its particular financial and other circumstances or what fundraising transaction it proposes to undertake. An illustrative list of certain types of contracts, which could be material for Issuers, is presented in Table 7.

Table 7: Examples of material contracts

Contracts with key business partners	• Joint venture agreements • Royalty agreements • Collaboration agreements

	• Research agreements
Other important contracts for the business	• Acquisition agreements • Transitional Service Agreements • Exploration agreements • Licensing agreements • Contracts with key customers/suppliers
Contracts with Shareholders/other investors	• Relationship agreement with controlling Shareholders • Warrants agreements • Options agreements • Agreements executing convertible loan note instruments
Contracts with Directors	• Service agreements with executive Directors • Letters of appointments with non-executive Directors • Lock-up arrangements
Contracts related to an Offer of Securities	• Underwriting Agreements • Placing Agreements
Other contracts	• Agreements in relation to the Issuer's Group's reorganisation • Loan agreements

98) In general terms, a summary of each contract included in a Prospectus should have the following basic elements: name/type of the contract, identities of the parties, the date when the contract was entered into, respective rights and obligations of the parties, conditions precedent, whether there are any milestones to be achieved under the contract to benefit from further rights, as well as a summary of material terms and conditions. The nature of each contract will dictate what other specific to it information should be summarised. In particular, if a contract is with a party linked in any way to or controlled by a Director of the Issuer, this should be clearly stated in a Prospectus.

99) For example, it is expected that the information listed in Table 8 will be disclosed in relation to loan agreements.

Table 8: Loan agreement disclosure

Date when it was entered into	It should be the date no later than the date of a Prospectus. If the Issuer is negotiating terms of a new loan agreement, even if the discussions are at an advanced stage, such information should be included in a different part of the Prospectus, not in the material contracts section.

	If the loan has been renegotiated or extended after the original date of the agreement, any subsequent material changes including the relevant dates and terms should be disclosed.
Type of agreement	It should be disclosed whether it is a term loan, revolving credit facility, an agreement with an accordion option, etc.
Identities of the parties to the agreement	It is not sufficient to refer to "lenders" in general, even if the agreement is with a syndicate. Each member of the syndicate should be named. If there is a guarantor involved, their identity should also be disclosed.
Outstanding amount on the loan	This information should be as recent as possible. As a minimum, it should not be older than the information from the last annual report of the Issuer. However, due to individual circumstances of each Issuer, the FSRA may require more recent information. If there is an accordion option attached to the loan, its details should be summarised.
Interest rate and fees	All the relevant fees should be disclosed, whether they are presented in percentages or monetary values. They might include fees incurred by the Issuer to enter into the agreement, to acquire an accordion feature or other potential fees payable in such events as early termination of the agreement.
Terms and conditions of the loan	These should include the purpose of the loan, any financial or restrictive covenants, financial ratios, repayment terms, whether the loan can be extended or repaid early, whether the loan is secured or unsecured, change in control provisions, events of default, etc. Only provisions considered standard for an agreement of a particular nature (such as representations and warranties) can be omitted from the summary.
Any other relevant dates	Such as the maturity date or dates of repayment of instalments.
Other information	Such as which law governs the agreement.

100) In addition to the above, if the Issuer has defaulted on its obligations, is in breach of any of covenants or is aware that a breach or default is likely to occur within the next 12 months from the date of a Prospectus, this should be disclosed. Certain financial ratios are only tested at particular times during the year. Therefore, even though technically a breach may not have occurred as the ratio is not due to be tested yet, but the Issuer is aware that it is already not meeting, or is likely not to meet, the relevant obligations, this should be clearly stated in the Prospectus. A discussion of likely consequences, such as whether the relevant lender has been notified or whether any waiver from the lender is required, should follow. The Issuer will also have to decide whether other parts of the Prospectus are more suited for this detailed discussion, such as the section with material risk factors.

101) Full agreements should not normally be incorporated by reference into a Prospectus. However, given the material nature of these contracts, the FSRA may request an Issuer to submit certain of these contracts as part of the wider application for approval of the Prospectus.

Management of the Issuer (RS item 6.1(c))

102) A Prospectus is required to include an explicit disclosure of whether any of the relevant persons, such as the Directors or Senior Managers of the Issuer, were convicted of a financial crime in at least the previous five years. It is important to note that the period to be considered can be longer than five years. It will depend on the gravity of the offence, its circumstances and the outcome of the case. Where questions have arisen whether a given situation should be disclosed, the Issuer should contact the FSRA to discuss.

103) In the case of a serious conviction or an allegation of a serious offence, it is recommended that the Issuer contact the FSRA prior to submitting a draft Prospectus for approval. The FSRA may require copies of the original judgments against the relevant person and details of the circumstances of the offence or alleged offence. The FSRA may also seek confirmation from the Issuer of the steps which have been taken to ensure that similar situations will not be repeated, or the basis on which the Board has decided that a given person can serve as a Director or officer of the Issuer.

104) Depending on the materiality, from the investor's perspective, of any events referred to in RS item 6.1(c), the FSRA may require their disclosure even if they occurred more than five years earlier.

105) When providing details of any relevant bankruptcies, receiverships or liquidations, the disclosure should specify such matters as whether it was a personal bankruptcy, solvent liquidation, what the amount of the deficit to creditors was (if any) or what the role of the person in question was. As in the case of convictions, any serious matters (including the relevant circumstances, amounts and consequences) should be discussed with the FSRA as soon as possible.

Potential conflicts of interest (RS item 6.1(d))

106) Conflicts of interest which are required to be disclosed are not only those which are actual and material. Any potential conflict of interest (whether material or not), or the lack thereof, should be drawn to the attention of an investor along with a discussion of the circumstances in which it can arise.

107) Even if an Issuer believes that a given conflict is adequately managed and does not pose any major risk to its business or reputation, it should still be included in the Prospectus along with relevant details. It is not required to mitigate potential conflicts under RS item 6.1(d). However, if any mitigating factors exist, they should be disclosed – for example, a policy under which a Director is required to disclose a financial interest in a contract or transaction being considered by the Board, and to abstain from voting on such a contract or transaction.

Corporate Governance regime (RS item 6.2(b)(iv))

108) According to this requirement, an Issuer should disclose whether it complies with any Corporate Governance regime in its country of incorporation or domicile. In addition, all Reporting Entities (regardless of their place of incorporation or domicile) should comply

with the Corporate Governance regime under FSMR and MKT, in particular MKT chapter 9 and APP 4 (in the form of Guidance). These Rules/Guidance set out numerous requirements/expectations in such areas as Directors' duties, fair treatment of Shareholders and conflicts of interest.

109) In a situation where an Issuer is not incorporated in ADGM and complies with the Corporate Governance rules, standards or principles in its country of incorporation or domicile (which are mandatory or applied on a voluntary basis), it should disclose in a Prospectus whether these rules, standards or principles are compatible with the Corporate Governance regime under FSMR and MKT.

110) If such an Issuer does not comply with any regime of Corporate Governance applicable in its country of incorporation or domicile, this should be stated in a Prospectus, together with the reasons behind it.

111) There is an additional set of Rules in MKT 9, which applies only to Issuers issuing Shares. The Rules comprise seven high level Corporate Governance Principles, which are accompanied by the best practice standards set out in MKT APP 4. Compliance with the principles is mandatory, however the standards can be adopted, fully or partially, on a voluntary basis. This allows Issuers to develop their own Corporate Governance policies and practices that will be the most suitable for their particular circumstances.

112) In terms of Prospectus disclosure requirements, if an Issuer decides not to adopt the best practice standards or adopt only some of them, this fact should be disclosed in a Prospectus. It is expected that, in line with the "comply or explain" approach, the disclosure will include the reasons for non-compliance and a description of any alternative steps taken by the Issuer in relation to fulfilment of the relevant Corporate Governance Principles.

113) In the case of departures from the best practice standards, the Issuer should also disclose such details as the periods of non-compliance (within the last completed financial year of the Issuer), whether it was temporary (caused, for example, by an unexpected event) or a long-term policy, and the risks (if any) arising from such approach, together with any mitigating factors.

Historical financial information (RS item 7.1)

114) An Issuer is required to disclose in a Prospectus financial information covering the last two or three years, depending on the type of Security which is the subject of the Prospectus[29]. MKT is specific when it comes to the presentation of such information. In straightforward circumstances the accounts should cover the Issuer and its Subsidiaries (if there are any) and be prepared in accordance with the International Financial Reporting Standards (IFRS) and audited in accordance with the standards of the International Auditing and Assurance Standards Board (IAASB).

115) However, there might be Issuers with complex financial histories or other circumstances which would not neatly fit under the Rules. The following paragraphs aim to address some of these circumstances.

116) Some Issuers may have been in existence for less than the minimum period required to be included in the financial statements. Shorter time periods may be acceptable under

[29] Three years in the case of Shares, Warrants over Shares, Certificates over Shares, and Structured Products, and two years in the case of Debentures, Warrants over Debentures and Certificates over Debentures.

the Rules provided that the Prospectus includes the audited financial statements for the Issuer for the period it has been in operation and the guidance in Table 9 has been followed:

Table 9: Historical financial information of relatively recently incorporated Issuers

The historical financial information should cover a period during which the Issuer has been in operation, not a period since the major change in the Issuer's business operations (if there was one).
The period covered by the financial information is to be as recent as possible. If the Issuer envisages that the Prospectus review and approval process will take some time, or if it approaches the FSRA quite early in the process, it may want to delay the preparation and audit of its financial statements until later in the Prospectus review process, to make sure that they cover the period as close to the Prospectus approval date as possible. In the meantime, the Issuer may submit draft accounts for the FSRA's review. This applies to Issuers who have not yet had their first full financial year audited, and the only audited accounts to be included in the Prospectus cover a period of less than 12 months.
If the Issuer has been in existence for a shorter period than its Subsidiaries, because it is a newly incorporated Holding Company for the existing Group, the financial information covering its Subsidiaries should also be disclosed, for the required period of two or three years, or the shorter period since the incorporation of the Subsidiaries.

117) There could be circumstances where an Issuer has audited accounts for individual periods shorter or longer than 12 months. Examples could include where the Issuer was incorporated later in a year than the beginning of its chosen financial year, or it later decided to change its financial year end. Whether this will be acceptable to the FSRA will depend on the particular situation of the Issuer and, specifically, on the reasons behind the financial period having a different length, whether there are any gaps not covered by the financial information, whether the proposed presentation is clearly explained in the Prospectus and whether it provides an investor with the necessary information, allowing them, for example, to compare relevant periods.

118) In terms of auditor's reports, it is important to note that even though their full reports are required to be included in a Prospectus, certain information from these reports has to be brought to the attention of an investor and disclosed separately, such as qualifications, emphasis of matter paragraphs or disclaimers. This also relates to any refusals to produce an audit report. In addition to such disclosure, these matters will have to be explained, having taken into account a passage of time since the publication of the report.

119) If an auditor included in its report, for example, a material uncertainty relating to the Issuer as a going concern, a Prospectus will have to make it clear whether the Issuer's position has since changed. If, as of the date of the audited accounts, there was significant doubt over whether the Issuer will be able to continue its operations and meet its liabilities as they fall due for the next 12 months without raising further funds, the Prospectus should explain whether this uncertainty still exists and what events, if any,

have changed the financial position of the Issuer. If the fundraising, which is the subject of the Prospectus, is sufficient to eliminate any uncertainty relating to the ability of the Issuer to continue as a going concern in the period of at least the next 12 months, this should be disclosed. Any going concern disclosure in the Prospectus should also be consistent with the working capital statement given by the Issuer.

120) There could be Issuers who have a history of acquisitions, disposals and internal Group reorganisations. This may be a result of their long-standing business model, changes in strategy, opportunistic transactions or commercial decisions based on economic or other circumstances. Whatever the reasons behind the changes within the Issuer's Group, they will have to be looked into from the perspective of the historical financial information. Table 10 contains common considerations of the FSRA when reviewing the complex financial history of an Issuer.

Table 10: Complex financial history considerations

Acquisitions of assets versus acquisitions of other Companies.	Usually, acquisitions of assets do not require any additional financial information to be included in a Prospectus. However, in the case of material acquisitions by the Issuer or its Subsidiaries, the FSRA will consider the substance of such transactions, for example, when a transaction structured as an asset sale involved the sale of a whole business. Such a transaction might require further disclosure of that business's prior track record in the form of financial statements or a narrative description.
The Issuer has made acquisitions in the past.	The requirement to disclose financial information for the period of two or three years relates to the Issuer and its Subsidiaries (and the Issuer must submit consolidated accounts if it prepares such accounts given its Group structure). However, if an Issuer acquired another Company in the recent past, that Company's financial information may not yet be included in the consolidated accounts of the Issuer as of the date of a Prospectus, or it may be included for the most recent period(s) only, rather than the full two or three years. The question arises as to what information on the acquired entities should be disclosed in the Prospectus, so that the Issuer's Group is adequately represented, and an investor can make an informed assessment about the Securities which are the subject of the Prospectus. All scenarios involving past acquisitions will have to be considered on a case-by-case basis. The FSRA will take into account such factors as the dates of an Issuer's acquisitions, their number and size (relevant to the size of the Issuer's existing Group), as well as how they fit in the Issuer's strategy, before determining what additional information (for example, financial statements for the acquired entity from the period prior to the acquisition), if any, on the acquired entities is required to be included in a Prospectus.
The Issuer has made disposals in the past.	Even though an Issuer may have recently disposed of a Subsidiary or Subsidiaries, the Issuer's consolidated financial statements will still include these entities' results for the periods prior to disposals. If it is likely, depending on the size of the

	disposals, that these statements may distort an investor's assessment of the financial position/performance of the Issuer and the remaining Subsidiaries, a further explanation of the accounts will have to be included.
There are some unusual features in the financial statements related to the Issuer's Group reorganisation.	Where the presentation of accounts for an Issuer and its Subsidiaries has changed due to some circumstances, especially those which are specific to a particular jurisdiction, this should be explained in the Prospectus. Reverse acquisition accounting is one consideration. If, following a reverse acquisition business combination, an Issuer became a legal parent of a new Group but it is the acquired entity which is considered to be the Parent Undertaking for accounting purposes, this should be explained in the Prospectus.
Historical financial information included in a Prospectus covers a number of Companies in separate financial statements.	To make it easier to understand for investors, it is expected that in the more complex cases Issuers will include an introduction to the financial information section of the Prospectus. This introduction can include a narrative overview or even a timeline showing which periods are covered by the financial information and by which Companies, relative to their incorporation or acquisition dates.

121) Financial information about an Issuer must be valid as of the date of the publication of a Prospectus. An Issuer and its advisers must take this into account when preparing their submission to the FSRA. For example, if the first submission is made eight months after the end of the Issuer's last audited financial year, and the Issuer expects the FSRA review process to take more than one month, it should make arrangements to prepare the interim financial information required to be included in the Prospectus, to avoid unnecessary delay in the approval of the document[30].

Profit forecasts (RS item 7.2)

122) Profit forecasts are indicators of the expected future performance of an Issuer and are likely to be relied on by investors when making a decision about investing in Securities. Even though, by nature, they are only a forecast dependant on many variables rather than a certain event, they still play a role in an investor's assessment of the Issuer. They supplement historical financial information which belongs to the past and is not a guarantee of future performance.

123) Profit forecasts, if previously published by the Issuer, for example, in a previous Prospectus, financial statements or public announcements, are expected to be disclosed. The Issuer may also choose to make and disclose a new profit forecast in a Prospectus.

[30] This is to comply with the requirements of RS item 7.1(i), which prescribes that if a Registration Statement is dated more than nine months after the end of the last audited financial year, interim financial information for the Issuer covering at least the first six months of the financial year should be included in a Prospectus.

124) Not all statements about the future performance of an Issuer constitute profit forecasts. Table 11 presents the main features of profit forecasts, which distinguish them from other forward-looking statements about an Issuer's financial performance.

Table 11: Characteristics of a profit forecast

Profit or loss.	A profit can be negative, therefore a forecast in a Prospectus can relate to a loss as well.
Time period covered.	The requirement does not prescribe the length of the period to which profit forecasts could relate. An Issuer can choose for this purpose its reporting period of 12 months or any other length of time it considers suitable.
The relevant value.	A forecast can refer to a specific amount of a profit or loss, its minimum or maximum value, or a range of values.
The way a profit or loss forecast is expressed.	A forecast can be expressed directly as a specific value or indirectly where it can be computed by putting together a few pieces of information which are available to an investor. A dividend forecast, for example, in cases where the Issuer's dividends have been historically and publicly linked to the level of its profits, can constitute a profit forecast.
Meaning of a profit.	A statement, to be considered a profit forecast, does not have to include the word "profit" or "loss", as long as it can be understood from the context what it refers to. The requirement does not specify that a profit forecast has to relate to any particular line in a profit and loss statement. Therefore, a statement to be deemed a profit forecast can be made in relation to a number of metrics measuring the profitability of the Issuer, including EBIT or EBITDA, whether adjusted or not.

125) Examples of disclosures which refer to an expected financial performance of the Issuer but do not constitute profit forecasts are set out in Table 12.

Table 12: Disclosures which are not profit forecasts of the Issuer

There is no maximum or minimum amount of forecasted profits or losses. For example, statements which refer to increases or decreases in profits/losses in general, without quantifying this information, whether directly or not.
Expectations concerning profits/losses of one part of the Issuer or the Issuer's Group (for example, one company in a Group or one division of the Issuer) with no information on how they relate to the rest of the Group/the Issuer.
A forecast in relation to other indicators, such as costs, where no public information exists to translate this indicator into profits.
It is not clear what the timeframe for a profit forecast is, i.e., when an increase in profits can be achieved.

126) Each disclosure of a profit forecast has to include principal assumptions upon which the forecast has been based. They have to be divided into assumptions about factors which the Board or Senior Management of the Issuer can influence and the assumptions about factors which they cannot change. This information will aid investors in understanding a profit forecast and the circumstances under which it can materialise. All assumptions should be easy to understand for investors, reasonable and specific to the Issuer.

127) Disclosure of a profit forecast should be accompanied by an accountants' or auditors' report. The purpose of the report is to make sure that the forecast has been properly prepared, and that an investor is able to compare it with other metrics from the historical financial information of the Issuer. The report has to be included for each profit forecast, even in circumstances where, for example, profit forecasts were published in interim financial statements.

128) In terms of profit forecasts which have been previously published by the Issuer, a Prospectus should disclose those which remain in effect. If forecasts are still in effect, the disclosure of the assumptions and inclusion of the accountants' or auditors' report are required. For forecasts that are no longer in effect (but relate to the period which has not finished), the Issuer should disclose the reasons behind this, such that it has been caused by some unexpected and unforeseen factors, and not by change to one or more of the assumptions on which the forecast had been based.

129) As with other disclosures, the FSRA will examine its substance, and will not allow disclaimers stating that nothing in a Prospectus constitutes a profit forecast for any period if this is not correct. Any profit forecast originating from the Issuer should be clearly disclosed as such, as opposed to where an Issuer discloses information relating to general market trends or industry outlook.

130) The same disclosure requirements apply to both profit forecasts and profit estimates and the difference between them is the period to which they relate. Profit forecasts are in respect of current or future financial periods (that is periods that have already started but not finished, or periods that will start in the future). Profit estimates are made in relation to a past financial period, for which no final financial statements have yet been published.

Related Party Transactions (RS item 8.3)

131) This requirement applies only to those Issuers who have their Securities admitted to the Official List. Such Issuers must comply with the requirements of MKT 9.5, which provide some mitigation to the risk that a Related Party's interest may be favoured over the interest of the Issuer and its Shareholders as a whole. For example, Related Party Transactions of a certain size can only be entered into with the prior approval of a majority of the Issuer's Shareholders. Related Parties cannot vote on such transactions. Smaller Related Party Transactions, which can be completed without a Shareholder vote, must be disclosed to Shareholders via a Disclosure.

132) Transactions with Related Parties of the Issuer, either those which took place in the period covered by the historical financial information, or are part of an ongoing arrangement, may be beneficial to the Issuer but could also cause reputational and other damage if not conducted in a transparent and fair way. This information is important for an investor to understand. Details of such transactions are to be disclosed in a Prospectus, so that prospective investors can assess both the risks and benefits of such agreements. If such transactions constitute material contracts, the summary of them will also have to be included in a Prospectus.

133) There can be different types of Related Party Transactions which can range from contracts with Directors of the Issuer to loan agreements and other arrangements relating to purchase of goods or provision of services such as office rental, IT, accounting or advisory.

134) Related Party Transactions which have already been disclosed, for example, in annual reports or via a Disclosure, can be incorporated by reference in a Prospectus – provided the same disclosure requirements, materiality thresholds and a definition of a Related Party apply to the documents incorporated by reference.

135) It is worth noting that for an Issuer to be able to assess whether a given transaction with a Related Party will be in the ordinary course of business and will be concluded on normal market terms (such transactions, even though still considered Related Party Transactions, do not attract requirements in MKT 9.5, such as seeking Shareholder approval or notifying the FSRA of such transactions), the Issuer will have to have adequate procedures, systems and controls to be able to make such assessments.

136) RS item 8.3 contains detailed requirements as to what information should be included in a Related Party Transactions disclosure. Table 13 below provides further explanation in relation to some of these requirements.

Table 13: Related Party Transactions – interpretation of certain disclosure requirements

How a Person falls within the definition of a Related Party.	This description should show the relationship between a Related Party and the Issuer, and also between a Related Party and the Issuer's Subsidiaries, if such additional relationship exists (other than by virtue of being a Subsidiary of the Issuer)
The parties to the transaction.	The disclosure should cover not only the Issuer but also any of its Subsidiaries if

	they have entered or plan to enter into a Related Party Transaction
The date of the transaction.	All Related Party Transactions entered in the period of the historical financial information included in a Prospectus and up to the date of a Prospectus should be disclosed. If the Issuer knows that it will enter into a Related Party Transaction after the date of the publication of a Prospectus, such information with all the relevant and known details of such transaction should be disclosed.
The value of the transaction.	Values of transactions with the same Related Party can be aggregated. All outstanding aggregated amounts should be disclosed as amounts owed by or to the Issuer.
Whether prior Shareholder approval was required, and obtained, from a majority of Shareholders.	This will depend on the size of a transaction (its value in relation to the value of the net assets of the Issuer), which will also have to be disclosed - at least by reference to a relevant threshold requiring Shareholder approval (i.e., as lower or higher than the threshold of 5%, as stated in MKT 9.5.3(1)).

Legal and other proceedings against the Issuer (RS item 8.5)

137) The requirement of RS item 8.5 refers to disclosure of any legal and other proceedings against the Issuer. These could be proceedings which took place in the past, are ongoing, or could potentially take place in the future.

138) It is important to remember that the disclosure requirement concerns only proceedings which have had, or may have, a significant impact on the Issuer and/or its Group's financial position or profitability. Any proceedings which are considered to take place in the ordinary course of business of the Issuer (a test which is different for each Issuer depending on the size and nature of its business) may not need be disclosed. However, where the number of legal proceedings is of a nature that all those claims combined could potentially impact the financial position of the Issuer in a significant way, they should be disclosed.

139) Disclosure related to proceedings against the Issuer should either state that no such proceedings exist or include details of all relevant proceedings. As a minimum, the following information should be disclosed:

a) identity of the parties and how they are related to each other;

b) the circumstances in which a dispute arose and whether the Issuer is a claimant or a defendant;

c) details of the dispute;

d) the current status of the proceedings, what has happened so far and the expected next steps in the proceedings;

e) the likely outcome of the proceedings in the opinion of the Issuer' Directors;

f) relevant dates including those relating to future proceedings;

g) whether the case is going to be considered/settled as a result of an agreement between the parties, in court or any other way (for example, by using arbitration); and

h) the monetary value of the expected outcome of the case and what impact it may have on the Issuer. If the Issuer is a defendant and believes that the case has no merit but the outcome of the proceedings is unpredictable, the worst possible outcome for the Issuer should be disclosed.

140) The Issuer should make sure that any disclosure in a Prospectus is consistent with the relevant disclosure in its annual reports. For example, if the Issuer is party to proceedings which are likely to significantly affect its financial position, we would expect to see corresponding disclosure in recognised provisions and/or contingent liabilities in the Issuer's accounts and/or notes to the accounts.

141) Financial statements of the Issuers are prepared in accordance with applicable accounting standards and rules, which are different from the disclosure requirements of a Prospectus. For example, the materiality threshold for disclosing litigation proceedings, or standards about presenting such proceedings may not be the same. It is therefore not generally acceptable to simply incorporate by reference into a Prospectus a description of litigation proceedings disclosed within an annual report of an Issuer.

142) If the Issuer is aware of any other legal or other proceedings which might significantly affect its financial position, even if the Issuer is not party to such proceedings, appropriate disclosures should be made. An example of this could include proceedings involving a Company from a similar sector which by creating a legal precedent could have an impact on the business of the Issuer as well.

143) For any ongoing proceedings, the Issuer, throughout the review process of its Prospectus, should keep the FSRA team and the Prospectus updated about any progress. This is particularly important if key events/change of expectations as to the outcome of the case take place during the review process.

Other significant matters (RS item 8.6)

144) Even if a particular matter is not addressed by a specific obligation within FSMR or MKT, it may still have to be disclosed based on the overall requirement for a Prospectus to contain all the necessary information for an investor to assess the Issuer and its Securities, as prescribed by section 62(1) of FSMR.

145) While each matter will be specific to the circumstances of a particular Issuer and its Securities, the following list shows three examples of matters expected to be considered by an Issuer for disclosure:

a) Pro forma financial information: There is no direct requirement to present a pro forma balance sheet or income statement of the Issuer, as a result of a particular event, such as a recent major acquisition or a planned fundraising which is the subject of a Prospectus. In the case of a recent acquisition, for example, if it fundamentally changed the financial position of the Issuer, which is now significantly different from what was presented in the historical financial information included in the Prospectus, the Issuer should consider preparing and disclosing pro forma financial information illustrating the impact of the acquisition on the Issuer. This could aid an investor's assessment of the Issuer and supplement the narrative description of the significant change in the financial position of the Issuer's Group which is already required to be disclosed under RS item 7.1(k). Similarly, the impact of a future and certain significant event, such as fundraising, may also be presented and disclosed in pro forma financial information.

b) Matters relating to sanctions imposed by governments or international organisations: Even though the Issuer itself or its Shareholders, customers, counterparties or business associates may not be subject to any sanctions as of the date of the Prospectus, it may operate in the environment where any of them may become subject to such sanctions in the future. Depending on the individual circumstances of each Issuer, any sanctions related matters, or a risk of such matters arising, may have to be disclosed in the Prospectus.

c) Industry overview: There is no requirement to present an overview of the Issuer's industry in a Prospectus, apart from disclosing industry related risks which the Issuer faces. However, in certain circumstances, an industry overview section can provide the necessary background for an investor to better understand the Issuer. Such disclosure can be particularly relevant for an investor in situations where the Issuer's industry is new, facing critical issues or the Issuer is using technology or materials which are different from the ones used by its competitors.

Sustainability / Environmental, Social and Governance (ESG) Risks (RS item 8.8)

146) The increasing importance of sustainability/ESG related matters means that investors often include ethical or environment friendly considerations as part of their investment decisions. Disclosure of sustainability/ESG related risks in a Prospectus may therefore form a crucial part of information necessary for prospective investors before they can make an informed decision whether a given Issuer and its business model meet their needs. Even though this particular disclosure requirement applies only to Issuers of Shares, given the wider context in which Issuers operate[31], Issuers of Securities other than Shares are welcome to make this type of disclosure in their Prospectuses as well.

147) This disclosure requirement goes beyond a simple disclosure of risks, which is already required under RS item 2.3. The Issuer should also describe its exposure to sustainability/ESG factors[32]. It is expected that by making this disclosure an investor will

[31] Including, for example, the UAE's net zero emissions target and the ESG Disclosures Framework adopted by the Registration Authority (on a voluntary or "comply or explain" basis, depending on the type of the ADGM registered entity).
[32] ESG risks can arise from historical events which took place by action or inaction of the Issuer's predecessor, for example, in the case of the Issuer's acquisitions of property/land, if they were contaminated by the previous user.

be able to understand whether the Issuer is subject to any relevant regulations or voluntary guidelines, how sustainability/ESG considerations are integrated into the Issuer's operations and whether the Issuer has relevant policies and procedures in place to recognise sustainability/ESG matters affecting its business and to identify relevant information which requires disclosure. The Issuer should be able to show whether there are any opportunities presented by ESG circumstances it can take advantage of, and, on the other hand, whether there are any related risks to the Issuer and its Securities, and what action the Issuer can take to manage them. The overriding principle in terms of what information has to be disclosed, or not, remains its materiality.

Expert opinions included in a Prospectus (RS item 9.3 and SN item 4.1)

148) Whenever the information included in a Prospectus has been sourced from a third party, such a fact should be disclosed. This means providing details of the relevant publication (such as the title, author and year of publication or the website and date it was accessed).

149) If that third party is an Expert, more detailed information should be disclosed, including their business address, professional qualifications or any material interests in the Issuer. Moreover, if an Expert has produced a report at the Issuer's request, this should be disclosed together with the consent of the Expert (who has authorised the content of that part of the Prospectus) to the inclusion of the report in the form and context in which it is included.

150) The Issuer should confirm accurate presentation of the information from an Expert or other third party, and that no facts have been omitted that would render the reproduced information inaccurate or false, misleading, or deceptive[33]. When addressing this disclosure requirement, an Issuer should not be including additional statements acting as a disclaimer or that play down the accuracy of the third-party information. While the Issuer has no obligation and may not have independently verified the statements from third-party sources, it can still vouch for the way the statements were reproduced, for example, having taken into account the context in which they first appeared.

151) It is important to remember that disclosures in a Prospectus are to be consistent, even where the Prospectus includes information incorporated by reference from other documents or where it includes reports prepared by Experts or other third parties. Whenever there is a discrepancy between an Expert Report and the rest of the Prospectus, this discrepancy (whether it relates to facts or recommendations) should be explained. One example of that would be a recommendation for an Issuer (a Mining Reporting Entity), in relation to further work, such as a further drilling programme, made by an Expert in their report. The Expert would make a recommendation based on the assessment of a given Mining Project which is the subject of their report. The Issuer, however, has an insight into the activities and financial position of its whole Group and may choose to prioritise its activities in a different way than what was recommended in the Expert Report. If this is the case and the Issuer's strategy as stated in the Prospectus does not correspond with the recommended strategy of the Expert, this should be explained in detail in the Prospectus.

[33] Pursuant to section 66(1) of FSMR, it is prohibited to make misleading or deceptive statements, or material omissions in a Prospectus. See paragraphs 23-25 above.

Special categories of Companies (RS item 9.4)

152) Given a particular nature of a certain Issuer (related to the length of time it has been in existence, or the type of business activities it carries out, for example), it is expected that the unique features of their business activities will be disclosed in a Prospectus. In particular, RS item 9.4 requires that special categories of Company (such as a property, or scientific research Company) should include in a Prospectus an Expert Report on the assets or rights owned by the Issuer.

153) The report should be prepared in accordance with relevant professional standards, if such exist in a given field (for example, in the case of valuation reports for property Companies). Both the name of the standards and key assumptions on which the valuation is based should be included in the report.

154) The report cannot be older than 90 days on the day of the publication of the Prospectus. If there were any significant changes affecting the information in the report which occurred before the date of the Prospectus, they should be disclosed in the Prospectus by the Issuer.

155) The subject of the report should not only be the assets owned by the Issuer, but also the assets which it does not own but needs to conduct its business and has specific rights over. In the case of any rights of the Issuer (whether in relation to the use of assets, IP rights, acquisitions of assets, etc.), they may have been granted with conditions or obligations involving the Issuer. Any material matters (conditions and obligations) should be disclosed, whether in the Expert Report or other parts of the Prospectus, such as the material contracts section. This is especially relevant in situations where the Issuer's failure to perform its obligations under a specific agreement means that they could lose their rights under the agreement, or if the Issuer's failure to meet a condition such as raising a minimum amount of net proceeds in an Offer means that it will be unable to exercise its rights, such as a right to acquire a property.

156) For scientific research Companies, for example, the Expert Report could cover the following, where applicable:

a) in-licensed products or IP rights;

b) rights arising from the Issuer's collaboration with its research partners, if it adopted an outsourced model of research and its activities are conducted via its partners; and

c) rights arising from collaboration in the development stage of the Issuer's business.

157) In addition to the above, relevant disclosures should be supplemented by the following information:

a) summaries of the licence agreements and research collaboration agreements, if material, including information on whether the partners are working exclusively with the Issuer on specific research;

b) an overview of the Issuer's strategy and business plan for the period exceeding the next 12 months, including plans to expand the Issuer's research network, marketing plans and the intended future use of researched products (whether the Issuer plans to develop and commercialise its products, out-license or sell them and in what timeframe, etc.);

c) a description of approvals or licences needed to conduct the Issuer's business, including the status of its IP applications; and

d) a summary of the Issuer's previous rounds of investment.

158) Under this requirement, start-up companies should also, in addition to disclosure of the Expert Report on the Issuer's assets and rights, describe in the Prospectus their strategy and business plan for the period exceeding one year. This can include information on the Issuer's competitors and its pipeline of products or projects.

159) The FSRA will consider any Issuer incorporated within the last three years or which has thoroughly changed its business activities within the last three years as a start-up company. If Securities are being issued by a Holding Company or an SPV, the FSRA will take into account the age and activities of the Issuer's Group.

160) Mining and Petroleum Reporting Entities are subject to separate disclosure requirements relating to Valuation Reports and disclosure of their sustainable policies and practices, pursuant to RS item 9.4.1. It is important to remember that the effective date of the Valuation Report for these Reporting Entities should not be earlier than six months before the date of a Prospectus.

Documents for inspection (RS item 10.1)

161) A Prospectus should include a statement confirming that certain documents may be inspected: the constitution of the Issuer, the historical financial information of the Issuer and any information produced by an Expert at the Issuer's request if it was included or referred to in a Prospectus.

162) If there are any documents incorporated by reference which are not specifically mentioned above, they should be also added to the list of documents available for inspection. In terms of other documents, such as material contracts summarised in the Prospectus and the letters of appointment of Directors, even though not specifically required by the Rules, they may be also made accessible at the Issuer's discretion. In this case the list of documents available for inspection should be updated accordingly.

163) The relevant disclosure should indicate whether the documents to be inspected are in electronic form and provide the relevant website or the address where they can be viewed or obtained, depending on whether they are in original or copy form. If the documents are available at a physical address, the Prospectus should disclose the hours and days of the week when investors can visit the address to view or receive copies of the relevant documents.

164) Documents available for inspection can include documents which are not incorporated by reference in a Prospectus but only referred to or summarised there, such as material contracts. All such documents have to be made available from the date of the Prospectus for the duration of its validity.

Reasons for the Offer (SN item 1.2)

165) Disclosure of the reasons for the Offer should explain why the Offer is being made as well as include the expected net amount of the proceeds and their intended use, presented in order of priority.

166) The amount of net proceeds cannot include any underwriting commissions, or any legal and other expenses related to the Offer/issue of Securities. Also, it cannot be mixed with the Issuer's cash resources from other sources. This particular requirement is about ensuring the Issuer clearly discloses how it will use the net proceeds, over a period of time. The period of time covered by the disclosure will depend on the particular Issuer, its strategy and available funds. It should not, however, be shorter than 12 months (being the working capital period referenced in the Prospectus).

167) The disclosure on the use of net proceeds is to be consistent with other parts of the Prospectus, in particular the working capital statement and the Issuer's strategy. If the net proceeds are not sufficient to cover all the expected expenditures of the Issuer in the next 12 months, it should be clarified whether the existing cash resources of the Issuer are sufficient to cover the difference.

168) The description of the use of net proceeds should be more specific than general references to working capital or general corporate purposes. In certain situations, it may be difficult for the Issuer to assign a specific amount to a particular use, such as intended acquisitions which can be of different sizes and not necessarily have been identified at the date of the Prospectus. In such circumstances, if the net proceeds or some part of them is expected to be used for future acquisitions, the Issuer should disclose more details around the Issuer's strategy, such as whether any acquisition targets have been identified, whether any targets have to be acquired within a particular timeframe, the status of any discussions with the seller, if already identified, and whether any agreements and approvals are needed prior to these acquisition, etc. Even though the section in the Prospectus on the Issuer's strategy may be more suited for this type of disclosure, the section on the use of net proceeds can still include some estimated amounts to be used for such purposes as due diligence versus an acquisition itself.

169) If the final amount of the funds raised under the Offer is not known as at the date of a Prospectus and the Prospectus refers to minimum and maximum subscription amounts, both scenarios should be taken into account in the presentation of the use of net proceeds. Similarly, if the working capital statement takes into account only guaranteed proceeds from the fundraising and the fundraising contains some expected proceeds which are not guaranteed, this should be taken into account in the disclosure on the use of net proceeds.

Working capital (SN item 1.4)

170) SN item 1.4 requires disclosure from the Issuer's Directors about sufficiency of the working capital for the Issuer's present requirements. This should be an early consideration when drafting a Prospectus, as it impacts other disclosures in the document.

171) Working capital should be understood as the ability of the Issuer to access funds when needed to be able to meet its liabilities when they fall due, all in accordance with the Issuer's stated strategy. For example, if part of the strategy is to make two acquisitions in the next six months, the Issuer should have sufficient funds in place to complete these acquisitions.

172) Only funds which are guaranteed can be taken into account in the working capital statement. These funds have to be net of any expenses associated with the intended fundraising and drafting of the Prospectus. They can be guaranteed in different ways, for example, by being underwritten as part of the IPO process or by the fact that the

Issuer has received irrevocable commitment letters from prospective investors or has an approved credit or loan facility.

173) The working capital statement should be made from the perspective of the Issuer's Group, if applicable, and reflect the needs of the whole Group, not just the Issuer. The Group in this context means the Issuer and its Subsidiaries.

174) The statement should be given as of the date of a Prospectus. If the Issuer proposes to acquire another company in the near future, even using the funds from the fundraising which is the subject of the Prospectus, that target company should not be included in the Issuer's Group for the purposes of the working capital statement. However, any costs associated with that acquisition and the Issuer's strategy should be taken into account when preparing a working capital statement.

175) A lot of assumptions have to be made before a working capital statement can be finalised. It should be noted that the FSRA does not verify the validity or appropriateness of such assumptions[34]. The statement about the working capital disclosed in the Prospectus should be clear, easy to understand and unambiguous, and the assumptions should not need to be disclosed. It should not be the role of an investor to try to understand what the assumptions mean and how likely they are to influence the working capital position of the Issuer.

176) The FSRA interprets an Issuer's 'present requirements' to mean to cover the period of at least the next 12 months from the date of the Prospectus. This should be clearly disclosed in the Prospectus, referencing the 12-month period. However, if the Issuer is aware that shortly after the 12-month period it may run out of funds, relevant disclosure in the Prospectus is expected to be made.

177) SN item 1.4 allows situations where the Issuer does not have sufficient working capital for its present requirements. In such cases the Issuer has to disclose this fact in the so called "qualified" working capital statement (as opposed to a "clean" one). A qualified working capital disclosure has to be carefully drafted in order to address the following, being:

a) a clear statement that the Issuer does not have sufficient working capital for the required period;

b) an indication of when the Issuer will run out of funds needed to pursue its stated strategy and meet its liabilities when they fall due;

c) the amount of the shortfall of the working capital;

d) the ways in which the Issuer plans to remedy the shortfall. It could be done by disclosing options of how additional working capital could be provided (for example, by re-negotiating existing credit/loan agreements, entering into new credit/loan agreements or by future fundraisings). To remedy the shortfall, the Issuer may also choose to amend their existing strategy and, for example, delay certain expenditures or planned acquisitions;

[34] Even though assumptions behind a working capital statement are not part of Prospectus disclosure, where an Issuer is seeking admission to the Official List, the FSRA, as part of the eligibility review, may request further information, including in relation to the assumptions, from the Issuer.

e) the relevant timeframes and the likelihood, in the opinion of the Issuer's Directors, that the proposed actions will be successful; and

f) the outcome for the Issuer in the worst-case scenario, being where none of the proposed remedial actions take place. For example, if the Issuer is likely to go into liquidation, this should be clearly disclosed, including with reference to relevant timeframes.

178) It is important to consider the working capital statement in the context of the whole Prospectus, as there are numerous disclosures in other parts of the document which can easily cut across it. For example, any risk factor which refers to future events which can influence the Issuer's liquidity position, its ability to comply with any loan covenants, or its trading and cashflow forecasts should be drafted in a way that is consistent with the Issuer's working capital statement. Similarly, if anywhere in the Prospectus there is a reference to any other reasonable expectation that the Issuer may run out of financial resources to continue its operations within the working capital period (for example, in the going concern disclosure in the accountant's report), this disclosure should be aligned with the working capital statement. If timeframes in disclosures relating to financial position of the Issuer create ambiguity, any references to a "short term", "medium term" or "long term" periods should be expressed in months.

Creditworthiness of the Issuer (SN item 1.5(b))

179) A statement of capitalisation and indebtedness should be prepared in relation to the Issuer and its Subsidiaries, if any exist, in line with the disclosed historical financial information on a consolidated basis. It should include, with all relevant details, all prescribed elements such as guaranteed or secured indebtedness. For reference, apart from disclosure of the relevant amounts, the identity of the guarantor, the type of the guarantee or the type of collateral used to secure a given debt are expected to be disclosed.

180) The source of the statement should preferably be the Issuer's last audited accounts, interim accounts or management accounts, as long as they are not older than 90 days in relation to the date of the Prospectus. If such accounts are older than 90 days, they will have to be updated with any material changes affecting the Issuer and its Subsidiaries, and its capitalisation and indebtedness position since their preparation, referencing further issues of shares, debt instruments or repayment of loans, etc.

181) Indirect and contingent indebtedness is expected to be disclosed in a separate paragraph with a narrative description of what it relates to. This is to enable investors to assess any potential indebtedness which can affect the Issuer despite not being recognised in its actual accounts.

Subscribers for the Offer (SN item 4.4(a))

182) A Prospectus should include information on whether Directors, Controllers and the Senior Management of the Issuer intend to subscribe to the Offer. Their intended subscriptions should be expressed both as a number of Securities and a percentage as compared to the total number of Securities offered. This disclosure should be made irrespective of whether any particular thresholds of intended holdings have been crossed.

183) In terms of other prospective investors, only those who intend to subscribe for more than 5% of the Offer should be disclosed in a Prospectus. As in the previous paragraph, their

proposed holdings should be expressed both as a number and percentage of the Securities in the Offer. If the investors who will directly hold the Securities have any beneficial owners or Parent Undertakings, their identity should also be included in the disclosure with a description of a relationship between them. If any investors are acting in concert, their intended holdings should be aggregated and disclosed as such in the Prospectus.

184) The level of detail about the prospective subscribers will depend on several factors, such as what information is available to the Issuer at the date of the Prospectus, which may be closely connected to the timing of the bookbuild (if applicable). If the book building process is completed before the approval of the Prospectus, the Prospectus will include the most complete information about the future investors.

Admission to trading (SN item 5.1)

185) An Issuer may wish to apply for admission of its Securities to trading on an RIE for various reasons such as raising funds for its business operations (now and/or in the future), providing a liquid secondary market, or to raise its profile. In any event, apart from the application to the FSRA for the approval of a Prospectus, the Issuer will need to apply to the FSRA for admission of its Securities to the Official List, and to an RIE for admission to trading.

186) An Issuer needs an Approved Prospectus before it can make a Listing Application, and admission to the Official List is a condition precedent to admission of Securities to trading on an RIE. Given that as of the date of the approval of a Prospectus, the Securities to which it relates will not have been admitted to the Official List or admitted to trading on an RIE, it is required to disclose in the Prospectus the Issuer's expectations as to the dates of both admissions, assuming both applications will be successful. It should be clear that the stated dates are only expectations.

187) If a Prospectus relates to a further issue of Securities, whose class is already admitted to the Official List and to trading on an RIE, the expectation referred to in the paragraph above should be disclosed in relation to new Securities in that class. In addition, it is expected that the Issuer will disclose in the Prospectus the date when the Securities of this class were admitted to the Official List and admitted to trading on an RIE for the first time.

LIABILITY FOR A PROSPECTUS

188) Persons listed as liable for a Prospectus and its content in MKT 4.10.1(1), for the purposes of section 70(1) of FSMR, should be disclosed in a Prospectus as the Persons responsible for it.

189) For all Securities, excluding Debentures, the Issuer and its Directors are the main Persons who must make a responsibility statement in a Prospectus. By doing so, they (and any other person taking responsibility for the Prospectus or any part thereof) should confirm that the Prospectus complies with the requirements in Part 6 of FSMR and MKT chapter 4, and make a declaration as specified in RS item 9.1(c).

190) Other Persons listed in MKT 4.10.1(1) include those who accept responsibility for only a part of, or the whole Prospectus, or those who have authorised the contents of any part of or the whole Prospectus.

191) Accountants who prepared reports for the Issuer for the purpose of their inclusion in the Prospectus will have to accept responsibility for this part of the document which contains their report. This responsibility is in addition to responsibility of the Issuer and the Directors, who cannot limit their liability to specific parts of the Prospectus.

192) Apart from accountants, there are other Experts (such as Minerals Experts or property valuers) who can produce reports at the request of an Issuer, which are subsequently included, in part or in their entirety, in the Prospectus. They should only take responsibility for this part of the Prospectus, which contains their report or part of it.

193) It is expected that anyone who has prepared a report for an Issuer for the purpose of its inclusion in the Prospectus, authorises the contents of this part of the Prospectus which contains their report or part of it and accepts responsibility for it. This should be clearly stated in the Prospectus.

194) A consent statement related to that inclusion should be given to the Issuer in writing and the fact of its existence should be disclosed in the Prospectus. A consent letter from a Person whose Expert Report is included in the Prospectus can be made available to investors for inspection at the Issuer's discretion, from the day of the publication of the Prospectus.

INCORPORATION BY REFERENCE

195) An Issuer can choose to incorporate certain information by reference in a Prospectus, as long as such information meets the requirements of MKT 4.8. Although not disclosed in the main body of the Prospectus, this is still information which is necessary for an investor to make an informed assessment about the Issuer and its Securities. It has to be in the English language and be able to be accessed without charge.

196) It should be specified in a Prospectus what information has been incorporated by reference, from which document and where that document can be accessed by investors. For example, if the Issuer chose to incorporate by reference information from its audited accounts from the previous three years, it should disclose where these annual reports are available for investors (on the Issuer's website or elsewhere). For ease of reference, the Issuer should also state in the Prospectus the page numbers of the annual reports on which the relevant information can be found (for example, the auditor's report, balance sheet or income statement).

197) If a document which is incorporated by reference (in full or otherwise) also contains information incorporated by reference, the Issuer should explain whether such information is incorporated by reference in the Prospectus as well. If only certain parts of a given document are incorporated by reference, the Issuer should make it clear whether the other parts are not important for investors or whether they were already disclosed elsewhere in the Prospectus.

198) Only the following can be incorporated by reference: information which is publicly available on a continuing basis, and documents which were approved or filed with the FSRA or a Non-ADGM Financial Services Regulator having jurisdiction over the Person making the Prospectus Offer. At the latest, such documents can be submitted to the FSRA on the day of approval of a Prospectus, as long as they are made publicly available from the day of such approval (for example, on the Issuer's website). In this

case, the FSRA will have to receive at least a draft copy of such a document[35] at an earlier stage of the review process of a Prospectus.

199) All information and documents incorporated by reference are parts of a Prospectus and, if they were prepared by an Expert at the Issuer's request, they are subject to requirements in relation to responsibility, consent and authorisation.[36] They cannot be misleading and have to be consistent, to the extent possible, with the information disclosed in the main body of a Prospectus. The only divergences allowed are those resulting from the fact that a document incorporated by reference could have been produced or published at an earlier date than the date of the Prospectus, or there are different materiality thresholds relating to disclosure in different types of documents. Any discrepancies between the content of the main body of a Prospectus and documents or information incorporated by reference should therefore be clearly explained.

SUPPLEMENTARY PROSPECTUS

200) In certain circumstances, after the publication of a Prospectus, an Issuer may be required to submit to the FSRA a Supplementary Prospectus for approval and publication. This should take place if, pursuant to section 65 of FSMR and further detailed in MKT 4.9.1:

a) there is a significant change in, or a material mistake or inaccuracy affecting, any matter contained in the Prospectus; or

b) a significant new matter arises.

201) The terms "significant" and "material" have been clarified in MKT 4.9.1(2) as terms indicating information which an investor would reasonably require to make an informed assessment relating to the Securities to which the Prospectus relates.

202) It is important to note that the requirement for a Supplementary Prospectus only exists in relation to matters and mistakes, as listed in the previous paragraph, which took place during the currency of the Prospectus.

203) A Supplementary Prospectus should clearly state that it is a Supplementary Prospectus and what the purpose of its publication is (for example, to update the historical financial information of the Issuer or to correct a material mistake in the Prospectus). It should disclose what Prospectus it supplements and state that it should be read together with that Prospectus and, if applicable, any other Supplementary Prospectuses previously published in relation to that Prospectus. A Supplementary Prospectus can add new information to that already disclosed in a Prospectus or it can replace old information with an updated version. It can also incorporate new information by reference.

204) An example of a specific situation where a Supplementary Prospectus may be required relates to the age of historical financial information included in a Prospectus. If, due to the passage of time, that financial information no longer complies with the relevant disclosure requirements, the Issuer is obliged to supplement this information with the latest annual report or interim financial information. Changes to the terms of the Offer, often as a result of demand received under the bookbuild, such as an increased or

[35] Particularly in situations where an Issuer wants to incorporate by reference the latest annual report which will not be signed by auditors until later in the Prospectus review process.
[36] Discussed in paragraphs 188-194 above in relation to liability for a Prospectus.

decreased issue size, or changes to pricing thresholds set within a bookbuild, are other examples of matters which require disclosure via a Supplementary Prospectus.

205) It is important to remember that one small change in the content of a Prospectus can affect multiple matters disclosed in the document. For example, a decreased issue size could affect the working capital statement, the use of funds from the Offer and the future business operations of the Issuer. This, in turn, may require substantial changes to the Prospectus, including the addition of new risk factors and information in the Summary.

206) If a Supplementary Prospectus is required, the Issuer should contact the FSRA as soon as possible with the following documents, pursuant to MKT 4.6.1(4): a draft copy of a Supplementary Prospectus (including any documents incorporated by reference), a draft copy of form MKT 4.6-1 (application for approval), and form MKT 4.6-2 (confirming that the payment of the relevant fee has been made, if applicable and as advised by the FSRA). No checklists are required to be included in the submission. If there is a need for submission of other non-standard documents from the Issuer, these will be requested by the FSRA on a case-by-case basis. Depending on the complexity of the draft Supplementary Prospectus, the FSRA may review it on an expedited timeline.

Withdrawal rights

207) Some investors may no longer want to invest in an Issuer's Securities as a result of the information disclosed in a Supplementary Prospectus. Those investors who have applied for the Securities under a Prospectus but have not received them yet (whether these are the Securities to be issued by the Issuer or sold by the existing Shareholders) and changed their mind following the publication of a Supplementary Prospectus, should have the right to withdraw their application.

208) The investors' withdrawal right is triggered by the publication of a Supplementary Prospectus and does not depend on its content. If there are investors to which such right could apply, pursuant to MKT 4.9.3, the withdrawal right is expected to be disclosed in a Supplementary Prospectus with such details as the manner and the period in which it can be exercised. The period cannot be shorter than seven Business Days from the date of the Supplementary Prospectus. During that period investors are to be able to withdraw their application.

209) Investors who want to continue with their application for Securities, despite the publication of a Supplementary Prospectus, do not have to take any action to confirm their position.

OTHER REQUIREMENTS / OBLIGATIONS

Foreign Offer Document

210) The FSRA, in specific circumstances, may approve a foreign Offer document, which is an Offer document produced in accordance with the law applicable in another jurisdiction for the purposes of making an Offer of Securities in ADGM or having Securities admitted to trading on an RIE. Before approval, in accordance with MKT 4.7.1(1), the FSRA would have to be satisfied that the Offer document contains information equivalent to that which is required for a Prospectus in MKT chapter 4 and APP 1, and the Offeror also meets all the relevant requirements in MKT. The other jurisdiction would have to provide a level of regulation relating to the Offer which is acceptable to the FSRA. These preconditions for approval are necessary to ensure uniformity of disclosure,

comparability of Prospectuses and protection of investors as well as the smooth functioning of the market for Securities in ADGM.

211) For Issuers based outside of ADGM, who are seeking approval of a foreign Offer document, early engagement with the FSRA is necessary to establish whether the jurisdiction of the Issuer and in particular its disclosure requirements are deemed acceptable to the FSRA as providing equivalent level of protection to investors.

212) If the FSRA is satisfied that both the Offer document and the Offeror meet the relevant requirements, and considers the regulatory framework of the Offer acceptable, then, as confirmed in the pre-application engagement, the Issuer should submit the following form to the FSRA for approval, together with a copy of the Offer document:

a) form MKT 4-7 – Application for approval of an Offer Document issued in another jurisdiction;

b) form MKT 4.6-2 – Payment confirmation form. Filing fees are payable pursuant to the Fees Rules; and

c) where the Offer document is not in the English language, an English translation acceptable to the Regulator,

in accordance with MKT 4.7.1 (3).

213) MKT 4.7.2 specifies that, as in the case of Prospectuses prepared under MKT, a foreign Offer document must be made available to the public after its approval by the FSRA. In terms of the validity of a foreign Offer document, it is dictated by two sets of circumstances. The document cannot be valid for more than 12 months from the date of the FSRA approval, and, at the same time, it can only be valid as long as it remains current in the jurisdiction in which it was issued.

Islamic Securities

214) If a Prospectus relates to Islamic Securities (Securities which are held out as being in accordance with Shari'a), with the exception of Units of an Islamic Fund, it must comply with:

a) the requirements in FSMR and MKT apart from one statement in MKT 4.5.1(3)(d), which has to be replaced in a Prospectus by a disclaimer required by the Islamic Finance Rules (IFR) Rule 7.2.1(e), and

b) some additional disclosure requirements as specified by IFR 7.2.

215) The additional disclosure requirements for Prospectuses relating to Islamic Securities have been replicated in the Prospectus checklist for Islamic Securities. This completed checklist should be submitted (in addition to all the other relevant checklists) as part of the application for the approval of a Prospectus.

Stop Orders

216) If it transpires, post approval of a Prospectus, that a Prospectus Offer – the making of an Offer of Securities and/or having Securities admitted to trading on a Recognised Investment Exchange – would contravene or has contravened any provision in FSMR

or if it is in the interest of ADGM, the FSRA may issue a stop order, pursuant to section 71 of FSMR.

217) A stop order directs that no Offer, issue, sale or transfer of the Securities can be made by a person or persons to which it is addressed. A stop order relates to a period of time determined by the FSRA and must be given to the relevant person(s) in the form of written notice, as prescribed by section 71(5) of FSMR. In addition, the Offeror and the Issuer (if different) will be informed in writing of the FSRA decision[37].

WAIVERS AND MODIFICATIONS

218) There can be circumstances where the FSRA can waive or modify certain disclosure requirements relating to a Prospectus. For the FSRA to consider such a request, this will have to be formally requested by the Issuer using the form MKT 1-1 and will be assessed by the FSRA on a case-by-case basis. Some of the reasons why an Issuer may want to ask for a modification or a waiver of a particular Rule, which would result in the omission of certain information in a Prospectus, are listed below:

a) The information is already in the public domain and therefore easily accessible to investors. This may happen if the Issuer's Securities are already admitted to trading on an RIE in ADGM and the relevant Reporting Entity is keeping the market informed of any new developments by making required Disclosures on a continuous basis.

b) The information is of minor importance to investors and would not influence their assessment of the Issuer or its Securities. The audited accounts of a relatively new Subsidiary of the Issuer, which never traded, can be an example of such information.

c) Disclosure of specific information could be detrimental to the Issuer, such as an identity of a party to a material contract which cannot be disclosed due to confidentiality reasons.

219) Another example where an Issuer may want to seek a modification of a particular disclosure requirement, is in a situation where its historical financial information has been prepared and audited in accordance with other standards than IFRS and those of IAASB, as prescribed by MKT. The Issuer is advised to approach the FSRA early in the process to discuss this. The FSRA may accept other standards, particularly if they are deemed equivalent to IFRS and the standards of IAASB.

220) It is recommended that any waiver or modification request in relation to a particular Rule in MKT is made as early as possible, preferably during the pre-application engagement with the FSRA. The Issuer will be asked to answer a number of questions in the form MKT 1-1 and consider, inter alia, whether its compliance with a particular Rule, or with the Rule as unmodified, would be unduly burdensome or would not achieve the purpose for which the Rule was made, as prescribed by section 9(3) of FSMR. The Issuer will be also asked to consider whether its request is supported by international standards and requirements or precedents in other jurisdictions, whether it is aware of a similar request granted by the FSRA and whether the FSRA can publish its Direction if the request is granted.

[37] Section 71(2) of FSMR.

221) The FSRA will aim to consider each request within five Business Days, but this can change depending on the complexity of the relief being sought. During this period, it will contact the Issuer, or the Person who made the request, either with a Direction (which will be in writing and sent by email, and may be published, unless the FSRA is satisfied that it is inappropriate or unnecessary, pursuant to section 10(2) of FSMR) or with a request for further information. On receipt of any subsequent information, the FSRA will aim to respond as soon as reasonably practicable with the same feedback options as in the case of the initial submission.

222) Form MKT 1-1 should be submitted to the FSRA by email using the following address: LA@adgm.com. Requests for additional information and the additional information itself can be provided by email or by phone.