Decision No. (67)/M

Board of Commissioners

Based on the provisions of:

- Law No. 22 of 2005 and its amendments, which includes the Syrian Commission on Financial Markets and Securities Law.

- Legislative Decree No. 55 of 2006 and its amendments, which includes the Damascus Securities Exchange Law.

- Law No. 29 of 2011, which includes the Companies Law.

- Decree No./ 264 /of 2022, which includes the appointment of the Chairman and members of the Board of Commissioners.

- Decision No. (110) of 2019, which includes the Disclosure and Transparency System for Entities Subject to the Commission's Supervision.

- And upon the approval of the Board of Commissioners in its no./10/ date 21/05/2024

The following is hereby decided:

Instructions for Acquiring a substantial interest in a Public Joint Stock Company

Article 1

1. The words and phrases used in these instructions shall have the meanings assigned to them below:

• **The Law**: Syrian Commission on Financial Markets and Securities Law No. 22 of 2005 and its amendments.

• **The Commission**: Syrian Commission on Financial Markets and Securities

• **The Board**: The Board of Commissioners of the Commission.

• **The Chairman of the Board**: The Chairman of the Board of Commissioners – the Chief Executive Officer of the Commission.

• **The Instructions**: Instructions for **Acquiring a substantial interest** in a Public Joint Stock Company.

• **The Person**: A natural or legal person.

• **Acquisition of a substantial interest**: The procedure by which a person acquires a stake exceeding 5% of the share capital of a publicly traded company, in accordance with the regulations specified in these instructions.

• **Applicant**: A person who wishes to acquire **a substantial interest** in a publicly traded company and submits an application to the Authority to that effect.

• **Target company**: The publicly traded company whose share capital is to be acquired by a controlling stake.

• **Related Parties**: This refers to the persons listed below:

- **Members of the Board of Directors of the (Company**, its mother company, subsidiaries, or sister).

- **The General Manager or any employee** who reports directly to the Board of Directors.

- **Any person who owns or controls 10 percent** or more of the voting rights in the mother company, its subsidiaries, or sister.

- Any person related to any of the natural persons mentioned in the first three items above, including spouses and minor children.

• **Participating Parties**: All parties involved in the purchase of a controlling stake in a public joint-stock company, in accordance with these instructions, including board members, executive directors, legal advisors, auditors, and employees with access to information at the requesting entity, the selling party at the target company, and the financial services and brokerage firm that will be used to execute this request.

• **Initial Application**: A preliminary application from the applicant to the Commission expressing their desire to purchase a **substantial interest** in a public joint-stock company.

2. Words and phrases not defined in these instructions shall have the meanings assigned to them by law, the Damascus Securities Exchange Law, and the regulations and instructions issued thereunder.

Objectives of the Instructions

Article 2 –

These instructions aim to achieve the following objectives:

1. To regulate the acquisition of **a substantial interest** in a specific company according to the plans and conditions outlined in these instructions.

2. To ensure compliance with the principles of transparency and disclosure , as required by applicable laws and regulations.

3. To prevent conflicts of interest and the misuse of insider information, which could lead to undue influence.

Scope of Application

Article 3 –

These instructions pertain to the acquisition of **a substantial interest** of (5%) five percent of the capital of a private company.

Confidentiality

Article 4

Without prejudice to disclosure rules, and prior to announcing the purchase of **a substantial interest** in the target company, participating parties must:

a) Refrain from disclosing confidential information related to the initial application and exercise due diligence in maintaining the confidentiality of such information, particularly information that could affect the price of the securities.

b) Take the necessary measures to prevent the leakage of any information regarding the initial application.

C- Failure to provide a recommendation regarding trading in the shares of the target company, from the date they became aware of the existence of a preliminary request until the Authority publishes a statement related to the preliminary request.

Notifying the commission of the Initial Request

Article 5

a. A person wishing to purchase **a substantial interest** in a public joint-stock company is obligated to notify the commission directly in writing of the initial request.

b. The financial brokerage firm used to implement purchase and sale orders for **a substantial interest** in a public joint-stock company is obligated to notify the Authority directly in writing immediately upon being notified of such a request.

c. The selling party is obligated to notify the Authority directly in writing if it receives a letter from the applicant regarding the potential purchase request or if it engages in discussions with the prospective buyer on this matter.

Initial Application

Article 6

The initial application must include the following information:

a. Comprehensive information about the applicant and related parties.

b. A statement of the number of shares owned by the applicant and related parties in the target company's capital.

c. The number of shares the applicant intends to purchase and their percentage of the target company's capital.

d. A detailed statement of how the application will be financed and the source of funding.

e. The purpose of acquiring **a substantial interest** in the target company.

f. The name of the financial services and brokerage firm that will execute the purchase orders for the **a substantial interest**.

g. Any other information the commission deems necessary.

Review of the Initial Application

Article 7

1. The commission shall review the initial application after all required information has been submitted and shall issue its approval or rejection, stating the reasons, within a period not exceeding seven (7) working days from the date of receipt of this application.

2. After the commission approves the initial application, the applicant must obtain the approval of the relevant supervisory commission.

3. The commission may publish any statement related to the application after its approval, as it deems appropriate.

Order Implementation

Article 8

1. The applicant must notify the commission within a period not exceeding three (3) working days from the date of approval by the competent supervisory body.

2. The commission may request any additional information or documents it deems necessary to complete the implementation of the order.

3. The commission shall notify the applicant of its approval or rejection of the order, stating the reasons, within seven (7) working days from the date of receiving all the required information and documents.

4. The commission shall specify a timeframe for implementing the purchase order.

5. The commission may attach any conditions or restrictions it deems necessary to its approval, in accordance with the requirements of the public interest.

6. If the commission rejects the order, the applicant may appeal the decision to the Board within a period not exceeding seven (7) working days from the date of the Authority's decision. The Board shall decide on the appeal.

7. The commission shall publish its approval of the order and any other information it deems necessary on its website.

Prohibitions

Article 9

1. The applicant, the seller, the board members of the target company, and their related parties are prohibited from trading in the securities of the target company from the date of submitting

the application or the date of becoming aware of the application until the Authority's approval of the application is published.

2. The restrictions imposed under paragraph (1) of this Article do not affect obligations arising before the initial application was submitted.

3. The applicant may not withdraw or rescind the application except after notifying the commission of the reasons for withdrawal or rescission and obtaining its approval.

General Provisions

Article 10

1. A person who owns ten percent (10%) or more of the securities of any publicly traded joint-stock company may not dispose of them except after obtaining the commission 's approval.

2. Participating parties must disclose to the commission any material interests or conflicts of interest and refrain from any actions that could harm the shareholders of the target company.

3. Participating parties may not disclose or publicize the purchase request except in accordance with the rules stipulated in these instructions and after obtaining the commission approval.

4. The commission may publish a statement regarding a purchase request for a controlling stake in the target company, or require any participating party to disclose information related to the purchase request at any stage thereof.

5. Participating parties must comply with all relevant laws, regulations, and instructions, as well as any additional conditions issued by the Authority.

Article 11 - Publication

This decision shall be published and communicated to those concerned for its implementation.

Damascus, May 21, 2021

Chairman of the Board of Commissioners

Syrian Commission on Financial Markets and Securities

Dr. Abdul Razzaq Qasim