Decision No. (27/M)

Chairman of the Board of Commissioners

Based on the provisions of:

- Law No. 22 of 2005 and its amendments by Legislative Decree No. 50 of 2009, particularly Article 3 thereof.

- Law No. 29 of 2011, particularly Article 93 thereof.

- Decree No. 264 of October 10, 2022.

- Regulations for Issuing and Offering Securities No. 3945 issued by the Prime Minister on August 28, 2006, particularly Articles 6 and 9 thereof.

- Approval of the Board of Commissioners in its session No. 3 held on February 7, 2023.

It is hereby decided as follows:

(Instructions on In-Kind Contributions in Joint-Stock Companies)

Article 1:

The following terms shall have the meanings ascribed to them below:

In-Kind Contributions: These are tangible or intangible assets or rights that can be valued in monetary terms, provided as a transfer of ownership or usufruct, and which are outside the realm of cash and labor.

Joint-Stock Company: A company whose capital includes in-kind contributions upon incorporation or upon an increase in its capital.

The Board: The Board of Commissioners of the Syrian commission on Financial Markets and securities .

Article 2 :

The following conditions apply to in-kind contributions made to the company:

1. They must be duly registered in the name of the contributor.

2. Their ownership documents must be free of any encumbrances or restrictions (lawsuits, mortgages, liens, etc.).

3. They must serve the company's operations or contribute to achieving its objectives.

4. Any necessary preliminary licenses for the company to conduct its business must be obtained.

5. They must be ready for use by the company (no encumbrances or uses by third parties).

6. The contributor must register a lien in the records pertaining to the ownership of these contributions, indicating that their disposal is restricted to the benefit of the Syrian Securities and Financial Markets Authority.

Article 3 :

- To verify the value of in-kind contributions stipulated in the company's articles of association, the Board may take the following actions:

1. Form a committee to evaluate the in-kind contributions, consisting of at least three experts specializing in the valuation of in-kind contributions, and a certified public accountant approved by the committee. The committee shall adhere to the necessary accounting rules and procedures in its work.

a. The committee shall submit its report to the Board of Commissioners within a maximum period of one month from the date of notification of the decision to form the committee. This period may be extended by a decision of the Board.

b. The committee's report must include, at a minimum, the following:

1. A detailed description of the in-kind contributions.
2. The initial value stated in the bylaws.
3. An assessment of whether the conditions stipulated in Article 2 of these instructions have been met.
4. The basis for the committee's valuation of these contributions.
5. The value of the in-kind contributions as of the valuation date.

(a) The committee's fees are determined by the decision establishing the committee, and these fees are payable to the commission by the founders.

(b) The founders are notified of the Board of Commissioners' decision regarding the valuation report.

2. If the value of the in-kind contributions mentioned in the committee's report is 90% consistent with the company's articles of association, the procedures are completed as required. If it is less, one of the following options is followed:

(a) Amend the company's articles of association to align with the committee's report, either by reducing the number of shares held by the in-kind contributors or by reducing the capital by the amount of the negative difference between the capital stated in the articles of association and the valuation committee's report.

(b) Or provide additional in-kind contributions equal to the difference, subject to the same procedures outlined in these instructions.

(c) Or pay the difference in cash via bank transfers.

Article 4:

- The owners of in-kind contributions are obligated to transfer their ownership or deliver them to the company within sixty days from the date of the founding general assembly meeting. If it is impossible to transfer their ownership for any reason, their value must be paid in cash unless these contributions have a substantial impact on the company’s business activities. In this case, the establishment must be abandoned, and the procedures stipulated in the Companies Law, particularly Article (112/4-5), shall be applied. In this case, the founders shall bear the full expenses of the establishment, and the subscribers' funds shall be returned to their owners without any deductions.

Article 5 :

The company's accounts opened at the subscription banks for subscription purposes shall not be activated until ownership of the in-kind contributions has been transferred and with the approval of the Syrian Commission on Financial Markets and Securities.

Article 6 :

The Commission has the right to request any documents or add any other requirements.

Article 7 –

This decision shall be communicated to all concerned parties for implementation.

Damascus, February 2023

Chairman of the Board of Commissioners

Syrian Commission on Financial Markets and Securities

Dr. Abdul Razzaq Qasim