

**Palestine Securities Exchange Rules**  
**Listing Regulations**

**Issued by the Board of Directors of the PSE in its Fourth Session**  
**on 3/8/2006**

**Approved by the Board of Directors of the Capital Market**  
**Authority in its Twentieth Session on 18/12/2006**  
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## **General Provisions**

### **Article (1)**

Law: The Securities Law No (12) of 2004 as amended and includes the regulations issued pursuant thereto.

The Authority: means the Palestinian National Authority.

The CMA: means the Palestine Capital Market Authority.

The PSE: means the Palestine Securities Exchange, including, the CDS (Clearing, Depository, and Settlement Center) . It is a secondary market where listed securities are traded. This Market will be two-tiered: First and Second.

Board of Directors: means the Board of Directors of the PSE.

Chief Executive: means the Chief Executive of the PSE.

Securities: means the shares and the bonds issued by the Authority or public institutions or municipalities or public shareholding companies or any securities that may be traded pursuant to this Law.

Holding Company: means a company that owns enough voting stock in another firm to control management and operations by influencing or electing its board of directors. also called parent company.

Subsidiary Company: means a company for which a majority of the voting stock is owned by a holding company.

Affiliated Company: means a company in which another company has a minority interest.

Issuer: means the party that issues securities or announces its intent to issues securities.

PSE Rules: means the rules issued by the PSE and approved by the CMA, including the directives, resolutions, or guidelines issued by the PSE pursuant to these Rules.

Related Party: any employee, in a management position in a company or enjoys signature power on behalf of such company, or an insider who has access to material information that affects the price of the securities of such a company or the auditor of such a company or any of its founding members or members of the board of directors, or a person who holds, directly or indirectly, 10% or more of the capital of such a company. A related party also includes a relative up to the second degree of the shareholder who has shares or holds 50% of the shares in a company owned by this related party or any of his relatives of the primary degree.

Listed Company: means any public shareholding company whose shares are listed on the PSE, after obtaining the license from the CMA to issue a prospectus, whether a Palestinian or a foreign company.

Listing Agreement: means the agreement signed between the Palestine Securities Exchange and the public shareholding company or the issuer of securities.

Suspension of Listing: means the suspension of electronic trading of any listed security for a period exceeding one month and halting transactions related there at the CDS, without derogating from Article (50) of this regulation regarding delisting.

Halting of Trading: means halting the electronic trading of any listed security for a period not exceeding one month.

Transfer of Listing: means moving of listed securities from the First to the Second market to be traded there and vice versa.

Delisting: means the termination of the listing of a security traded on the First or Second market.

Letter of Credit: means the letter of credit issued by a bank to the PSE as a guarantee from the company applying for the listing of its securities detailing obligations and responsibilities and confirms that upon failure to perform such obligations the PSE is authorized to withdraw the amount specified in the Letter of Credit and the bank obliges to unconditionally pay.

#### **Article (2)**

The securities to be listed on the PSE, whether the First or Second market, shall include the following, provided they satisfy the requirements:

1. Shares of public shareholding Palestinian or foreign companies.
2. Bonds issued by Palestinian or foreign public shareholding companies.
3. Long-term and short-term bonds issued by the Government of Palestine or a foreign government of a public institution.
4. Investment units or securities issued by Investment Funds.
5. Contracts and futures including sale or purchase option contracts for shares listed on the PSE or the price indices of other markets available at the PSE.
6. Derivatives including convertible shares and bonds.

#### **Article (3)**

1. The PSE must list the shares of an issuer if such shares meet the listing requirements of the PSE, subject to obtaining the license to issue from the CMA.
2. The PSE, may, under exceptional circumstances, accept to list securities in the Second market even if the full listing requirements have not been fulfilled, provided that the issuer of securities who seeks to list shall fulfill the requirements within one year. Failure to fulfill this requirement shall lead to suspension of trading at the PSE or delisting without prior notice.
3. Without derogating from Article (50) below, documents presented to the PSE by the issuer shall not be returned even if the application to list is denied.

### **Listing Requirements For Palestinian Public Shareholding Companies**

#### **Article (4)**

1. Every public shareholding company must apply to PSE to list its securities, and the PSE has the right to accept, deny or defer the review of the application subject to the requirements

enumerated below. In the event of dispute, the parties shall refer to the Dispute Resolution Rules.

2. Every existing shareholding company must apply to the PSE to list its shares, provided that it informs the CMA one week prior to commencement of actual trading.

3. The shares shall be listed on a market known as the shares market.

4. The listed company may not apply to another market to list its shares unless it receives the prior approval of the CMA and the PSE.

#### **Article (5)**

The listing requirements of public shareholding companies on the First market shall be as follows:

1. The subscribed share capital shall not be less than Two Million (2,000,000) Jordanian Dinars and shall be paid in full.

2. The number of shareholders shall not be less than One Hundred and Fifty (150) shareholders each of whom holding one or more tradable unit.

3. The public's share in the company (Free Float) shall not be less than 25% of the subscribed share capital at the time of the public offering.

4. The number of issued shares shall not be less than One Hundred Thousand (100,000).

5. The company must be actually conducting business and has published its financial statement pursuant to International Accounting Standard for at least two past consecutive year; it must have earned net income before taxes during the fiscal year before applying to list at a rate not less than 5% of the paid in capital; but for a newly established company, it must supply a feasibility study for the two upcoming years.

6. The company must prove having held its primary general assembly or its ordinary general assembly at least once and/or undertakes to hold it.

7. The board of directors of the company must be experienced in the business activity of the company, or the company has engaged the services of an expert consultant in its field of business activity.

#### **Article (6)**

1. The requirements to list the shares of public shareholding companies in the Second market shall be as follows:

a. The capital of the company shall be fully paid.

b. A total of not less than 25% of the company's issued shares shall be publicly offered.

c. The company must have published its financial statement prepared according to International Accounting Standards for at least one fiscal year, and the company undertakes to publish its financial statement and a report about its activities in the local newspapers prior to trading its shares on the PSE. Recently established companies shall supply a feasibility study.

d. The company must prove having held its primary general assembly or its ordinary general assembly at least once and/or undertakes to hold it.

e. The number of shareholders has not dropped below Fifty (50).

2. The company undertakes to adhere to the recommendations of the PSE, in particular those that will lead to listing its shares in the First market. In the event it fails to adhere, then it will not be moved to the First market.

**Listing of the Shares of  
Non-Palestinian Shareholding Companies**

**Article (7)**

1. The requirements that apply to the listing of Palestinian companies shall equally apply to non-Palestinian companies, as well as the following:
  - a. The currency of the issued shares must be approved for exchange by the Palestinian Monetary Authority.
  - b. The foreign issuer must have a legal representative or a branch duly registered pursuant to the prevailing Companies Law who assumes the function of registering the shares, distributing dividends and receiving and sending reports and documents related to the operations of the company.
  - c. The company's shares must have been listed on the market in the foreign country under whose laws it is subject for at least two years.
  - d. Neither the company nor the country where it is listed must have any restrictions on the transfer of share ownership on cross-border basis who are not its nationals, and such restrictions must be made clear, if applicable.
  - e. The company must obtain the prior approval of the CMA.
2. In the event there is an agreement for mutual recognition between a market in a foreign country, where the company is subject to its laws, and the Palestine Securities Exchange, the conditions enumerated in the mutual listing agreement shall supersede.

**Listing of Share Increases  
Secondary Public Offering**

**Article (8)**

Share increases for the purpose of public offering shall be know as "Secondary Public Offering" and such issue shall be subject to the provisions of the Securities Law and the PSE Rules.

**Article (9)**

Without derogating from the prevailing laws in Palestine, no company listed on the PSE may issue a capital increase by issuing new shares for subscription unless it has obtained a license from the CMA.

**Article (10)**

The consideration for share increase may be any of the following:

1. Cash.
2. In kind share.
3. Debt due and owing by the subscriber to the company.
4. Conversion of convertible bonds or other types of convertible securities issued by the listed company to shares, provided that the requirements for its issuance granted the holder this right.
5. Conversion of profits earned for shares owned in the company.

**Article (11)**

1. Capital increase in listed company at the Market may be made by converting bonds and other securities to shares, provided that conversion into shares was permissible by the terms of its issuance.
2. Capital increase may be made by converting the voluntary reserve, or part thereof, to share distributed freely to the shareholder on a pro rata basis.

#### **Article (12)**

The trading unit allocated to each class of shares shall be taken into consideration when allocating subscribed shares or that which is distributed to subscribed shareholders, wherever possible, provided that the period for possession of each unit shall not be less than another unit or multiples thereof.

#### **Article (13)**

Subscription in a share increase, or a part thereof, is prohibited unless a secondary public offering prospectus is issued reflecting the requirements listed in Article (26) of the Law as follows:

1. Date and registration number of the company at the Companies Controller.
2. Date when the general assembly adopted the resolution to issue share capital for subscription, and the date of license thereof from the CMA.
3. The justification for the increase and the potential benefits derived from it.
4. If part of the consideration for the increase was in kind for the shares, the prospectus, must also include the following:
  - a. Summary description of the movable and immovable assets offered in consideration for the in kind and the names of its offerors.
  - b. Summary description about the potential for the company from such in kind.
  - c. A list of creditors priorities and pledges encumbering the assets of the company.

#### **Article (14)**

The company must make the necessary adjustments according to prevailing laws to alter its capital and file the change with the Companies Controller and any other public institutions.

#### **Article (15)**

The company must apply to the CMA to list its share capital increase after completing the issuance procedures during a Five (5) day period, the shares will be listed after filing the listing application and completing the required procedures with the PSE.

#### **Article (16)**

##### **Listing Warrants**

Warrants issued by the Government of Palestine or any of its authorities or institutions or the municipalities shall be listed on the First market once the issuer signs the listing agreement with the PSE.

#### **Article (17)**

##### **Listing Non-Palestinian Warrants**

The requirements applicable to listing Palestinian warrants shall equally apply to non-Palestinian warrants in addition to the following:

1. The currency in which the warrants were issued is approved by the Palestinian Monetary Authority for exchange purposes.
2. The CMA must approve the listing.

## **Listing Palestinian Bonds**

### **Article (18)**

Bonds shall be listed on a market known as the bonds' market.

### **Article (19)**

Without derogating from the Law and the Companies Law, and unless the Board of Directors otherwise determines, the bonds issued by Palestinian public shareholding companies shall be listed in the First market, provided that these requirements are fulfilled:

1. The shares of the company must be listed on the First market.
2. The value of the bonds shall be paid in full.
3. At least 30% of the issued bonds shall be offered to the public for subscription.
4. The bonds must mature at least three years from issuance.
5. The minimum number of persons subscribing to the bond offering shall be (30).
6. The company must engage a Trustee who shall guarantee the payment of bonds dividends on time and guarantees redemption after payment.
7. The company must be conducting actual business activities and has published its financial statement prepared in accordance with International Accounting Standards for at least two consecutive years and must have earned net income before taxes during the year prior to applying for listing by a rate not less than 5% of its paid in capital.
8. A company listed at the PSE may not apply to list its issued bonds on another foreign exchange unless it has obtained the prior approval of the CMA and the PSE.

### **Article (20)**

Unless the Board of Directors otherwise determines, the bonds issued by Palestinian shareholding companies shall be listed in the First market in the event of the following:

1. The shares of the company must be listed on the First market.
2. At least 25% of the issued bonds shall be offered to the public for subscription.
3. The value of the bonds shall be paid in full.
4. The bonds must mature at least two years from issuance.
5. The company must engage a Trustee who shall guarantee the payment of bonds dividends on time and guarantees redemption after payment.
6. The company must be conducting actual business activities and has published its financial statement prepared in accordance with the International Accounting Standards for at least two consecutive years and must have earned net income before taxes during the year prior to applying for listing by a rate not less than 5% of its paid in capital.

## **Listing Foreign Bonds**

### **Article (21)**

1. The requirements that apply to the listing of Palestinian bonds shall equally apply to non-Palestinian companies, in addition to the following:
  - a. The currency of the issued shares must be approved as an exchangeable currency by the Palestinian Monetary Authority.
  - b. The foreign issuer must have a legal representative or a branch duly registered pursuant to the prevailing Companies Law who assumes the function of registering the shares, distributing dividends and receiving and sending reports and documents related to the operations of the company.
  - c. The company must obtain the prior approval of the CMA.

2. In the event there is an agreement for mutual recognition between the Palestine Securities Exchange and a market in a foreign country to whose laws the company is subject, the conditions enumerated in the mutual listing agreement shall supersede.

### **Listing of Shares of Companies that convert to Public Shareholding Companies**

#### **Article (22)**

The shares of public shareholding companies that result from a conversion of either a partnership or a limited liability company shall be listed in either the First or Second market provided they meet the requirements.

#### **Article (23)**

1. The traded securities are moved to either the First or Second markets in accordance with the listing requirement upon the going into force of these Rules.
2. The latest records, including the financial statements, available for the company shall be used once these Rules go into force for the purpose of moving the company into either the First or Second market.

#### **Article (24)**

Investment Fund, whether Palestinian or foreign, shall be registered and listed pursuant to rules issued by the PSE.

### **Listing Procedures**

#### **Article (25)**

The issuer must file a listing application for the entire issue supported by all documents and paper that are required in accordance with the application form requirements.

#### **Article (26)**

1. The PSE shall supply the following forms:
  - a. Application form to list the shares of Palestinian companies.
  - b. Application form to list the shares of foreign companies.
  - c. Application form to list the share increase of listed companies (Palestinian and foreign).
  - d. Application form to list bonds and government warrants (Palestinian and foreign).
  - e. Application form to list the bonds of Palestinian companies.
  - f. Application form to list the bonds of foreign companies.
  - g. Application form to list closed investment funds.
2. Applications to list are filed with the PSE by the issuer of securities without derogating from the Law.

#### **Article (27)**

1. The application to list Palestinian shares, whether the shares are issued in the primary market or as a capital increase by issuing new shares for subscription (Secondary Offering), must be supported by a prospectus in accordance with Article (26) of the Law containing the following:
  - a. An overview of the company.
  - b. The stated capital of the company to be subscribed and the number of issued shares and the par value of the share and the outstanding shares and the subscribed shares and the paid up value and the number of shareholders and the percentage of holding of each.

- c. Public and private issue issued during the last five years.
  - d. Nature of the company's business activity.
  - e. The investments of the company in securities.
  - f. The addresses of the headquarter(s) of the company and branch offices.
  - g. The name of the auditors of the company and their addresses.
  - h. The name of the legal advisor of the company.
  - i. A list of the litigation case brought against the company
  - j. The approved percentage allowed for the subscription of natural and legal persons, pursuant to the articles of incorporation and by-laws of the company.
  - k. The number of the companies employees.
  - l. The names for the members of the board and the senior management of the company.
  - m. The name of the person(s) to be contacted in the company to obtain additional information.
  - n. An undertaking stipulating the correctness of information provided in the application signed by two of those authorized to sign on behalf of the company; one of whom shall be the general manager (or CEO) and stamped by the corporate seal.
2. The application to list foreign shares, the shares are issued in the primary market or as a capital increase by issuing new shares for subscription (Secondary Offering), shall include the following:
    - a. All required information listed in the previous paragraph.
    - b. Information about the names of the market or the foreign markets where the companies are listed and the currency of issue.
    - c. Information as to whether the market or markets where the shares of the company are listed require that the cross listing on other markets be approved.
  3. If it appears that the information provided in the application form is inaccurate, the two authorized persons who signed it shall be held liable as well as the members of the board of directors and the senior management of the company, unless they otherwise prove that they had no knowledge and they could not have had knowledge about the breach.
  4. The PSE shall not be liable for the accuracy of the information or any statements or opinions presented to it.
  5. The listing on the PSE of the shares of any issuer shall be not deemed proof or indicative of the strength or merit of the company, its business activity or securities.

#### **Article (28)**

1. The application to list the bonds of an issuer must include the following:
  - a. All the information enumerated in Article (27) (1).
  - b. Information about the number of issued bonds and their value and the underlying rights as well as the number of subscribed bonds and their value and the interest and date of redemption.
2. The application to list foreign bonds shall contain the following:
  - a. All information listed in paragraph (1) of the previous article.
  - b. Information about the number of bonds issued and its value and the underlying rights as well as the number of subscribed bonds and their value and the interest and date of redemption.
  - c. Information about the names of the market or the foreign markets where the bonds are listed and the date of listing.
  - d. Information about the currency of issue.
  - e. Information about the legal representative of the company or its branches in Palestine.
  - f. Information as to whether the market or markets where the bonds of the company are listed require that the cross listing on other markets be approved.

3. If it appears that the information provided in the application form is inaccurate, the two authorized persons who signed shall be held liable as well as the members of the board of directors and the senior management of the company, unless they otherwise prove that they had no knowledge and they could not have had knowledge about the breach.
4. The PSE shall not be liable for the accuracy of the information or any statements or opinions presented to it.
5. The listing on the PSE of the shares of any issuer shall be not deemed proof or indicative of the strength or merit of the company, its business activity or securities.

#### **Article (29)**

1. The application form to list the shares of a Palestinian company must be supported by the following documents:
  - a. A prospectus prepared in accordance with Article (26) of the Law.
  - b. The articles of incorporation and by-laws of the company and its certification of incorporation issued by the Companies Controller.
  - c. The financial statement for the past two years prior to applying for listing on the First market and the previous year for listing on the Second market supported by an interim financial statement, if available, audited by the company's auditors and shall cover the fiscal year prior to applying to list until the last quarter prior to applying to list, and for newly established companies, a feasibility study for the up coming two years shall be presented.
  - d. A list of those authorized to sign the bonds and correspondence directed at the PSE and the specimen of their signature and the terms of their signature power, if applicable.
  - e. The board of directors resolution delegating the signature power to sign the bonds and correspondence directed to the PSE.
  - f. A list of all dividend distribution (cash or shares) for each share that the company made during the past five years.
  - g. A list of the holders of securities who directly or indirectly own 10% of the company's securities.
  - h. The names and addresses of the founding shareholders and the number of their respective shares in the form of a table.
  - i. A list of the names of the members of board of directors and a description of the securities held by each of them, whether directly or indirectly, and those issued by the parent company or a subsidiary or related or affiliated company (if applicable) and the membership of any of them in the boards of other public shareholding company and the percentage of share holding to qualify for the membership to the company's board of directors and the name of the member(s) who have the expertise in the conduct of the company's activities or a copy of the contract entered into between the company and the expert in its field.
  - j. A list of the names of the senior management and a description of the securities they respectively own, directly or indirectly and those issued by the parent company or a subsidiary or related or an affiliated company (if applicable) and the membership of any of them in the boards of other public shareholding company and the percentage of share holding to qualify for the membership to the company's board of directors.
  - k. The obligations and dealings of the company with its chairman or any member of the board of directors or senior management and their relatives of the primary degree.
  - l. A list of the related or subsidiary or affiliated companies including the percentage of shareholding and the names of the founding shareholders.
  - m. The address of the company's headquarters and a list of its branches and the registered addresses for the company inside and outside Palestine.

- n. Restrictions placed on the transfer of the company's shares and information about pledges or seized shares.
  - o. Details about listing with other markets.
  - p. A statement from the company detailing the subscribed share capital, number of public shareholders and the number of issued shares and the number of share per holder and the percentage of the value paid.
  - q. Structure of the capital detailing percentage owned by shareholders who own more than 10% in related companies including the holding company.
  - r. A list containing the material events that have occurred at the company from establishment and until the date of filing the application, for example, conversion from limited liability to public shareholding, or the addition of a new product or services, or amending the by-laws of the company.
  - r. A written undertaking issued by the company committing to abide by the Law and the PSE Rules and any orders issued by the CMA and to facilitate inspection and monitoring over its activities and operations by both the CMA and the PSE.
  - s. A letter of guarantee issued for the benefit of the PSE in the value of (0.1%) of the subscribed capital provided that the minimum amount shall be USD 10,000 or its equivalent in Jordanian Dinar and a maximum of USD 50,000 or its equivalent in Jordanian Dinar, issued by a bank operating in Palestine and it shall be unconditional and valid for year renewable automatically; such a guarantee is intended to cover the liability of the company towards the PSE or other companies or the customers. The PSE may, if it deems it appropriate and in relation to increased the risks of the company, request an increase in the value of the letter of guarantee whether at the time of listing or thereafter. If the company applying to list is a bank, it shall supply a letter of guarantee from another bank. The bank guarantee shall remain valid for a period not less than six months follow halting of trading or suspension or delisting.
2. The foreign company that wishes to list its shares on the PSE, must apply through its legal representative or its branch in Palestine and must supply all documents specified in the preceding article, in addition to the following:
- a. A copy of the certificate of registration of the foreign company under the laws of its domicile country and copies of the documents certifying listing on its national market and/or markets in other countries.
  - b. a copy of the markets where the company's shares are listed consenting to list on the Palestine Securities Exchange if such consent is pre-required by the foreign market.
  - c. An undertaking committing that there are no restrictions imposed by either the company of its domicile where registered on the freedom to move the ownership of shares among participants and, if so, indicate those restrictions.
  - d. The foreign company shall commit to abide by the regulations and instructions of the PSE and shall oversee that its legal representative or branch in Palestine shall equally abide by them in addition to what is stipulated in the document appointing the representative or establishing the branch.

### **Article (30)**

The application for secondary public offering must contain the following documents:

1. Copy of the approval granted by the CMA to increase the capital.
2. Copy of the Companies Controller's approval to increase the capital of the listed company.
3. A certificate issued by the Companies Controller reflecting the amendment to increase the capital and/or the authorized person with signature power.

4. A copy of the secondary public offering prospectus describing the mechanism for the share allocation to subscribing shareholders.
5. A list of the subscribers and the number of subscribed shares per subscriber and other information as may be required by the CDS if the increase was made by a capital increase and details about the resolution to increase capital if the increase was made pursuant to dividend distribution.
6. Any other document requested by the PSE.

#### **Article (31)**

The application to list bonds of Palestinian companies must be supported by the following documents:

1. A prospectus prepared pursuant to the Law.
2. A copy of the agreement to list on the PSE.
3. A certificate from the Board of Directors of the company indicating the number of issued bonds (and classes) and the underlying rights and the number of bonds subscribed and the number of subscribers and amounts paid.
4. A copy of the approval of the CMA or the local authority concerned with granting such approvals.
5. Restrictions placed on the transfer of bonds.
6. Details of any listing on other markets.
7. The subscription agreement.
8. The agreement with the underwriter or the managing agent.
9. A sample of the bond certificate.
10. An explanation for such events should the company have failed to meet any financial obligation during the past five, for example, default on loan installments or to pay the interest on a loan.
11. Any provisions related to amending the rules or terms to issue certain bonds.
12. Any provisions related to the bondholders committee and the appointment of the trustee and its qualifications and the manner of its appointment and a written undertaking to report to the CMA and the PSE and the Companies Controller and the issuer any decision made by the bondholders committee.
13. A letter of guarantee issued for the benefit of the PSE in the value of (0.1%) of the subscribed capital provided that the minimum amount shall be USD 10,000 or its equivalent in Jordanian Dinar and a maximum of USD 50,000 or its equivalent in Jordanian Dinar, issued by a bank operating in Palestine and its shall be unconditional and valid for year renewal automatically; its purpose is to cover the liability of the company towards the PSE or other companies or the customers. The PSE may, if it deems it appropriate and in relation to increased the risks of the company, request an increase in the value of the letter of guarantee whether at the time of listing or thereafter. If the company applying to list is a bank, it shall supply a letter of guarantee from another bank. The bank guarantee shall remain valid for a period not less than six months follow halting of trading or suspension or delisting.

#### **The foreign entity wishing to list its bonds with the PSE must:**

1. File an application through its legal representative or its branch in Palestine with the PSE supported by all the document listed in the previous paragraph, in addition to a copy of the approval granted by the responsible foreign authorities permitting the company to list on the Palestine Securities Exchange if the foreign market(s) requires such pre-approval.

2. With respect to other bonds, Palestinian or foreign, they shall be listed by filing an application directly with the PSE by the issuer supported by all the documents listed in paragraph (1) and (2) (1) of this article.

#### **Article (32)**

1. The application to list shares and/or bonds or other securities shall be signed by two of the authorized signatures including the CEO/General Manager or the person(s) delegated to sign on behalf of the issuer.
2. The application to list shall be submitted to the CEO/General Manager of the PSE, one application form supported by required documents.
3. The PSE shall review the application and the supporting documents for accuracy and compliance with the terms and requirements for listing.
4. The applicant to list commits to inform the PSE about any change that occurs the information that was supplied during the period while the PSE is assessing the application; during this period, the PSE may request any additional information deemed necessary to ensure the soundness of listing.
5. The PSE grants approval to list after verifying the correctness and soundness of the application and supporting documents.

#### **Article (33)**

The applications to list shall be published on the PSE's website and in the PSE's daily bulletin for a period of ten days and any concerned party may send a written objection during the public notice period providing justification for its objection.

#### **Article (34)**

1. The PSE must render its decision during a fifteen day period from the date of supply of all related documents and fulfillment of the requirements. The company may lodge an objection with the PSE if the application is denied in accordance with the Dispute Resolution Rules.
2. The PSE undertakes to inform the CMA of its decision concerning the application at the same time it informs the applicant.

#### **Article (35)**

1. After the grant of approval to list its securities, the company signs the listing agreement and transmits it back to the PSE. It must be signed by two authorized person, one of whom shall be the general manager (or CEO) and it shall be stamped by the corporate seal.
2. The company shall reserve a trading symbol which shall not exceed six (6) Latin characters and usually it is the company's acronym in the English language and the PSE shall endeavor to make it available so long as it does not infringe the symbol of another company having a priority to it.
3. The company shall publish its financial statement and an activities report through the daily press prior to commencement of trading its shares on the PSE.

#### **Article (36)**

The Palestinian company whose securities are listed shall abide by the following towards the PSE:

1. It shall abide by all disclosure requirements stipulated in the Law and the PSE Rules.
2. It shall abide with the requirements of the Listing Rules issued by the PSE and any requirements and terms specified by the PSE and issued by way of instructions. The company

may notify the PSE, through formal writing, in the event it is unable to abide by a term(s) of the listing requirements and the PSE has the right to grant exception on a case by case review.

3. It shall pay the listing fees and any other fees or commissions due and owing as specified by the PSE pursuant to the rules and instructions of the PSE and it shall recognize the PSE's right to amend the fees and commissions from time to time.
4. It shall delegate the PSE to issue certificates and/or notices on its behalf to the owners after completion of the share register transfer in accordance with the PSE Rules.
5. It undertakes not to issue share certificates to owners following listing with the PSE and agrees that the confirmation of ownership rights in shares shall be solely made through the electronic register at the CDS.
6. It agrees that the PSE shall issue the notifications to the share owners following any offer of new shares or upon the distribution of free shares or the assignment of ownership of securities, all in lieu of have share certificates issued.
7. It undertakes to execute orders issued by the CMA and the PSE to either suspend or halt trading or distribution if the public interest so requires.
8. It undertakes to adjust any matter deemed necessary pursuant to the Listing Rules issued by the PSE and during specified intervals.
9. It undertakes to abide by the orders issued by the market in accordance to its powers as enumerated in the Law and the its Rules and the listing Agreement.
10. Each shareholder who holds directly or indirectly more than 10% of the company's capital undertakes to disclose to the CMA and the PSE about such holding. This disclosure also includes any holdings held indirectly through relatives of the first degree or owned by any company owned by him or owned by any of its relative of the first degree by a percentage exceeding 50% of the capital. These rules do not apply to companies where the government of public shareholders own shares.

#### **Article (37)**

In addition to the provisions of the preceding article, foreign companies whose shares and/or bonds are listed on the PSE, shall abide by the following:

1. Maintain accounting books and prepare its financial statements in accordance with International Accounting Standards and shall publish a summary of such statements and the auditor's report in one local newspaper during the month of its approval in the country where its headquarters are located.
2. Present the financial statements in accordance with the requirements of the Law and the instructions of the CMA and the PSE Rules.

#### **Article (38)**

If the issuer of securities listed on the PSE violates the provision of these Rules and any orders issued thereto, the Board of Director, at the suggestion of the Chief Executive Officer may impose one or more of the following sanctions pursuant to the Dispute Resolution Rules:

1. Warning.
2. Impose a fine not exceeding Ten Thousand (10,000) Dinars.
3. Move the shares of the issuer from the First to the Second market.
4. Suspend the listed securities of the issuer.
5. Revoke the listing of the securities of the issuer.

**Moving of listing, Suspension of listing, or Del  
Move the Listing**

**Article (39)**

The PSE may move the listing of the company from the First to the Second market and vice versa as stipulated in the articles below.

**Article (40)**

The Board of Directors may move the listing of shares of a national or foreign company from the Second to the First market if the following conditions are met:

1. The company has implemented the recommendation of PSE and thus has become compliant with the requirements to list on the First market.
2. The company's shares must have been listed on the Second market for at least one full year.
3. Its shares must have traded during that year on the Second market by at least 10% of the total subscribed shares and the number of days traded shall have reached no less than 15% of the trading days during that year. The year for the purposes of this paragraph means the company's fiscal year and when calculating said percentage, periods of suspension of halting of trading shall be excluded.

**Article (41)**

It shall be mandatory to move the shares of the company from the First to Second market in any of the following events:

1. If the year end accounts of the company during the last year show a financial loss exceeding 30% of the net equity of the shareholders from the beginning of that fiscal year.
2. If the number of the company's shareholders dropped below One Hundred and Fifty (150) for a period of three consecutive or non-consecutive months during that fiscal year.
3. If the net shareholder equity reaches less than 50% from the paid in capital at year end from that at the beginning of the fiscal year.
4. If the percentage of the PSE employees who are shareholders drops below 25%.
5. If the percentage of the traded shares of the company or the number of its traded shares falls below the pre-set limit specified in the preceding article; for the purposes of this paragraph year means the company's fiscal year and when calculating said percentage, periods of suspension of halting of trading shall be excluded.
6. If the capital of the company is reduced below the rate required for listing.
7. If the listed company fails to comply with the disclosure requirements specified in the Disclosure Rules, when so required.

**Article (42)**

1. If the listed shares of the company were moved from the Second market to the First market in accordance to article (41), its bonds shall also be moved to the First market.
2. The shares and bonds of the listed company must be moved from the First to the Second market if the number of subscribers in its listed bonds drops below Thirty (30) for a period of three consecutive or non-consecutive months during one year.

**Article (43)**

1. The listed shares and bonds of the company shall be moved from the Second to the First market once per year in the event it fails to supply its financial statements to the PSE.
2. The PSE shall notify the issuer immediately upon issuing the order to move.

#### **Article (44)**

The PSE may, following consultation with the CMA, add a third market subject to the criteria it deems appropriate.

#### **Delisting**

#### **Article (45)**

The PSE, many following the approval of the CMA, revoke the listing of the shares of a Palestinian company in the following events:

1. If it deems that material information was, when applying or supplying information, inaccurate or fraudulent or misleading or incomplete or failed to supply the PSE with material information when requested.
2. If the number of the listed company's shareholders in the Second market dropped below Fifty (50) for the a period of three consecutive or non-consecutive months.
3. If it has become apparent in the audited financial report that the company is unable to meet its debt obligation or is unable to finance its activities or if the its shareholder net equity compared to its paid in capital drops below 20%.
4. If the listed company ceases to exist as a corporate entity due to a merger in other company(ies) or if it has pledged the company in its entirety or dissolved it.
5. If the company has sold or assigned any of its main and operating assets or undertook a similar act as shall be determined by the PSE.
6. If the company shares or bonds were not traded for an entire year or the listing was suspended for over a year without any adjustments by the company as stipulated in article (80) (1) of the Trading Rules issued by the PSE.
7. If the company breached any of its obligations as stipulated in the listing agreement or the Law or the PSE Rules.
8. If the company listed in the Second market fails to follow the recommendation of the PSE.

#### **Article (46)**

The PSE, after coordinating with the CMA, may revoke the listing of the shares of a foreign company if the following events:

1. If it deems that material information was, when applying or supplying information, inaccurate or fraudulent or misleading or incomplete or failed to supply the PSE with material information when requested.
2. If the foreign company's share listing on foreign market where it was originally listed was revoked.
3. If the foreign country no longer has a branch in Palestine or a legal representative for a period exceeding one month.

#### **Article (47)**

It shall be prohibited to revoke the listing of bonds and warrants issued by the Government of Palestine or any of its authorities or public institutions or the municipalities or foreign bonds and warrants unless called by the issuer to be extinguished in accordance with the terms of the prospectus.

#### **Article (48)**

The PSE, many following the approval of the CMA, revoke the listing of the bonds of a Palestinian company in the following events:

1. If it deems that material information was, when applying or supplying information, inaccurate or fraudulent or misleading or incomplete or failed to supply the PSE with material information when requested.
2. If the listed shares of the company was delisted.
3. If the bonds of the company were called to be extinguished pursuant to the terms of the prospectus.
4. If the number of bondholders of the company's bonds listed on the Second market drops below ten (10) people.

#### **Article (49)**

The PSE may, after the approval of the CMA, revoke the listing of the bonds issued by a foreign entity in the following events:

1. If it deems that material information was, when applying or supplying information, inaccurate or fraudulent or misleading or incomplete or failed to supply the PSE with material information when requested.
2. If the foreign company's share listing was revoked.
3. If the foreign company's bond listing on foreign market where it was originally listed was revoked.
4. If the foreign country no longer has a branch in Palestine or a legal representative for a period exceeding one month.

#### **Article (50)**

When revoking the listing of securities of issuer:

1. The PSE shall notify the issuer of the delisting decision and shall commence the procedures to delete the data of the issuer from the system.
2. The PSE has the right to return any documents related to listing back to the company provided that the issuer had fulfilled its obligations towards the PSE including the payment of any dues. The signed receipt provided by the general manager (or CEO) or the person in charge on behalf of the issuer of the listed securities shall be deemed evidentiary proof for discharging the liability of the PSE from any responsibility for the listing documents.
3. After the delisting, the PSE shall not be liable for any pledges or orders to seize shares. It undertakes to inform the parties to the pledge or seizure that it shall be their responsibility and not that of the PSE to follow up on the status of the pledge or seizure following the delisting.

### **The Clearing, Depository, and Settlement Center**

#### **Article (51)**

1. The issuer of securities commits to deposit the owners register with the CDS and it shall not be permitted to issue any share ownership certificates or document directly, but only through the CDS.
2. The CDS shall be a department of the PSE's departments and shall be authorized to register, maintain and manage owners records for securities listed on the PSE and it shall transfer ownership and settle its prices between members through the settlement bank.

#### **Article (52)**

The registration and transfer of the ownership of securities traded on the PSE shall be settled between the members in accordance with data recorded in the CDS's records either manually

or electronically. The records of the register and its accounts and any manual or electronic documents issued by its shall be deemed evidence unless otherwise proven.

**Article (53)**

The issuer shall furnish the PSE with a detailed record of the shareholders and other listed securities during a period not exceeding Ten (10) working days from the of approving the application to list for the purpose of entering the information at the CDS. Once the data was entered, a statement will be sent to the listed company or the issues of listed securities for certification during the period stipulated in the listing agreement. Upon the lapse of such period with any objections, the statement shall be deemed certified and the PSE shall not be held liable for any error in the records following certification.

**Article (54)**

After certification of the shareholder record or securities owners record, the issuer may not make any ownership transfers for any listed security, all such operation including the inter-family transfer shall be made by the CDS solely at the PSE. The issuer may not also amend the shareholder or listed securities owners records until is has received the ownership transfer reports prepared by the PSE reflecting trading and transfer operations made at the PSE.

**Article (55)**

The issuer delegates to the PSE to issue the securities ownership certificates and/or notices after completing the transfer procedures in accordance with the PSE approved procedures. The certificates and/or notices issued by the CDS shall be deemed evidentiary proof of ownership.

**Article (56)**

Without derogating form article (36) of these Rules, the issuer undertakes to cancel the certificates for sold securities and return back to the PSE for safekeeping in accordance with approved procedures during three (3) working days after receipt from the PSE unless the PSE grants an additional period.

**Article (57)**

The PSE shall solely issue securities certificates and/or ownership notices and the listed company or the issuer of securities may not issue ownership certificates after listing.

**Article (58)**

The PSE reserves its right not to issue securities certificates/ownership notices and limit the issuance of notices to new owners whereby ownership rights in the listed securities shall be confirmed through the data and computer records of the CDS only.

**Article (59)**

The CDS shall perform its functions in accordance with the rules and instructions issued by the Board of Directors of the PSE and in accordance with the rules of the other market.

**Article (60)**

The functions and procedures of the CDS shall include:

1. Register the issuer of securities listed on the PSE and operate a central depository for maintaining and managing the records of the owners of listed securities.
2. Verify the data entered in the accounts of the customers of the PSE's members and ensure its accuracy and enter any additional personal details in the ownership records at the CDS.
3. Open trading accounts for securities and register them in accordance with the Law and the PSE Rules.
4. Deposit the listed securities and/or securities ownership certificate to commence the sales, pledge, lending or other operations.
5. Settle the prices of the traded securities through the settlement bank and clear between member securities firms.
6. Transfer the securities from the selling broker to the buying broker on the basis a bargained exchange whereby the securities are released for consideration and then the ownership transfer is made and the securities ownership records are amended accordingly.
7. Conclude the inter-family transfer for securities in accordance with rules of the PSE and the procedures of the CDS.
8. Execute the pledge and seizure order of securities or release the pledge and seizure orders.
9. Monitor ownership percentages and apply the threshold limits when exceeded in accordance with the Law of these Rules or the by-laws of listed companies or the terms of securities offerings as declared in the prospectus provided that these listed companies and other securities issuers inform the PSE in writing about such restriction in its by-laws and/or prospectus.
10. Provide the issuer of securities listed on the PSE with the changes that occur to the owners records through the means approved by the CDS.
11. Execute the instructions of the CMA and the PSE with respect to the procedures related to the shares of the members of the boards of directors of listed companies and execute the corporate actions on the sharebooks such as: distribution of stock dividends or splitting shares.
12. Collect the fees in exchange for transactions made at the CDS in accordance with the rules issued by the PSE subject to the approval of the CMA.
13. Obtain information from the members in the PSE with respect to the beneficiaries who own the securities deposited in the accounts of their representative. The CDS shall maintain the confidentiality of such information and shall have the authority to exchange such information with the CMA and the issuer.
14. Any other functions exercised by the CDS in accordance with the rules and instructions of the PSE.

#### **Article (61)**

1. The securities deposited with the CDS shall not be deemed owned by it or the PSE.
2. The CDS may maintain securities that are not registered with it if they were registered with a foreign center subject to the approval of the CMA.

#### **Listing fees and the CDS**

##### **Article (62)**

1. The Board of Directors of the Palestine Securities Exchange shall set the fees and commissions charged by the PSE and the member securities firms pursuant the Fees and Commissions Rules issued by the PSE.
2. The listing fees on the Second market shall be less than the listing fees in the First market provided that it shall not exceed half its equivalent in the First market.

**Article (63)**

The PSE may amend or change the fees and commissions or add to it in coordination with the CMA.

**Article (64)**

1. The PSE shall charge preliminary listing fees paid only once for listing all the issued shares of the public shareholding company and for listing its bonds in the First or Second market and to maintain and manage the records of the securities holder and to conclude the settlement operation and transfer of ownership and such fees shall be paid by the issuer of securities during one week from the date of approval of the PSE to list.
2. The listing fees on the Second market shall be less than the listing fees on the First market provided they are not less than one quarter of the listing fees on the First market.

**Article (65)**

1. The PSE shall charge the issuer of securities listing fees on annual basis in return for listing such securities in the First or Second market and maintain and manage the records of the owners and conclude the settlement operation and transfer of ownership and such fees shall be paid during the month of December of each provided that six months from the date of listing must have lapsed.
2. The listing fees on the Second market shall be less than the listing fees on the First market provided they are not less than one quarter of the listing fees on the First market.

**Article (66)**

The PSE shall charge additional listing fees on annual basis to be paid by public shareholding companies whose shareholders exceed 5000 for the purpose of covering additional costs incurred in maintaining and managing the share records and the transfer of ownership.

**Article (67)**

The PSE shall charge additional fees and commission for other services it provides including the service of dividend distribution and the issuance of share certificates and other services. The PSE shall issue instructions that set such fees and commissions.

**Article (68)**

The PSE may impose fines and collect additional fees and charges in the cases specified by the PSE pursuant to the PSE rules or in return for additional activities which is undertakes and it may be reimbursed for expenses incurred in carrying out inspection and investigation and resolution of disputes and other supervisory or monitoring activities or when carried out in accordance with the procedures to resolve disputes.

**Article (69)**

The issuer of securities shall pay the preliminary and annual listing fees on time pursuant to the Fees and Commission Instructions issued by the Board of Directors of the PSE.

**Article (70)**

The PSE may impose fines for delays in paying the listing fees pursuant to the Fees and Commission Instructions.

## **Liability of the PSE**

### **Article (71)**

The PSE has to right to act pursuant to any signature or ownership certificate or other document it believes to be authentic when signed from the person(s) duly authorized and the PSE has the right to transfer the ownership of any security if it is not assured of the authenticity of the ownership or the identity of a part or any information required by its rules.

### **Article (72)**

The PSE may halt any trading operation or transfer or assignment of ownership if it deems it in the public interest and/or for the protection of the PSE and/or for the transparency in dealing with securities.

### **Article (73)**

Neither the PSE nor the CDS or any person in charge or an employee or an agent or a party contractually engaged shall be liable for any conduct when performing the duties of the PSE or the CDS or when performing any function stipulated in the Law or its regulations or the instructions or rules of the PSE unless it has caused damage to third parties for its gross mistake or negligence.

### **Article (74)**

The issuer commits to compensate the PSE for all expenses and/or losses incurred in the event is acts according to instructions of the issuer.

### **Article (75)**

The Board of Directors may amend the provisions of these Rules at any time. The amended Rules shall go into force once approved by the CMA and on the date specified by the CMA.

### **Article (76)**

In the event of breach of any of the provisions of these Rules, the matter shall be referred to the Dispute Resolution Rules.

### **Article (77)**

The Board of Directors shall address any matter not specified in these Rules and shall take the necessary measures.

### **Article (78)**

The CEO shall make all the necessary decision to implement the provisions of these Rules unless otherwise specified.