

Decision No. 27/2021

Issuing the Regulation for Public Joint Stock Companies

Based on the Capital Market Law promulgated by Royal Decree No. 80/98; and

Royal Decree No. 82/98 establishing the Muscat Clearing and Depository Company (MCDC); and

The Commercial Companies Law promulgated by Royal Decree No. 18/2019; and

Ministerial Decision No. 137/2002 on the Rules for Election of Directors of Public Joint Stock Companies and their Responsibilities; and

Decision No. 156/2002 on the Procedures and Provisions for Assignment of Rights Issue in a Capital Increase of Shares of Public Joint Stock Companies; and

The Executive Regulation of the Capital Market Law issued vide Decision No. 1/2009; and

The Rules for Accreditation of Auditors issued vide Decision No. 8/2018; and

Decision No. 10/2018 on the Rules for Constitution of Audit Committee and Appointment of Internal Auditor and Legal Advisor of Public Joint Stock Companies; and

The approval of the Board of Directors of the Capital Market Authority; and

The approval of the Ministry of Finance;

In the interest of the public;

It has been decided:

First Article

The attached Regulation for Public Joint Stock Companies shall have effect.

Second Article

The Executive President of the Capital Market Authority shall issue the decisions, forms and directives required for implementation of the provisions of this regulation. Until their issuance, the applicable decisions, forms and directives shall continue in force to the extent they are not inconsistent with the provisions of the Commercial Companies Law and the attached regulation.

Third Article

Decisions Nos. 137/2002, 156/2002, 8/2018 and 10/2018 shall be repealed as well as anything contradicting the provisions of the attached regulation or inconsistent with its provisions.

Fourth Article

This decision shall be published in the Official Gazette and shall have effect on the day following the date of publication save the provisions related to the accreditation of internal auditor and legal advisor, which shall have effect after six (6) months from the date of publication.

Issued on: 13 Rajab 1442 H

Corresponding to: 25 February 2021

Sultan Salim Said Al Habsi

Minister of Finance

Chairman of the Board of Directors of the Capital Market Authority

Disclaimer:

“This is an English translation of the Regulation for Public Joint Stock Companies prepared in Arabic and approved by the Capital Market Authority, Sultanate of Oman (“CMA”) by Administrative Decision No. 27/2021 on 25 February 2021. The CMA assumes no responsibility for the accuracy of any statement and information interpreted differently from the Arabic document and shall not assume any liability for any damage or loss caused due to the reliance or use of such information by any person. In the case of any discrepancy between the English and Arabic versions of this document, the Arabic version shall prevail.”

Regulation for Public Joint Stock Companies

Chapter I Definitions and General Provisions

Article (1)

In the application of this regulation, words and expressions shall have the same meaning assigned to them in the Commercial Companies Law and the following words and expressions shall have the meaning respectively assigned to them unless the context otherwise requires:

1. **Law** : Commercial Companies Law
2. **MSM** : Muscat Securities Market
3. **Executive President** : Executive President of the Capital Market Authority
4. **Company** : Public Joint Stock Company
5. **Board of Directors** : Board of Directors of the Company
6. **Issue Manager**: A company operating in the field of securities licensed by the CMA to carry out issue management activity.
7. **Related Party**: A person is considered a related party in the events specified in the principles of governance prepared by the CMA.

Article (2)

All entities addressed by the provisions of this Regulation shall keep the soft and hard copies of the documents and registers relating to the operations for ten (10) years from the date of the end of the process.

Article (3)

All instruments, documents and registers submitted to the CMA shall be in Arabic language and they may be accompanied with English translation or any other language the CMA specifies.

Article (4)

If the last day for satisfaction of any obligations falls on an official holiday, it may be extended to the first official working day after the holiday.

Article (5)

All companies shall engage the Muscat Clearing and Depository Company (MCDC) to distribute dividends.

Chapter II

Electronic Dissemination System

Article (6)

The CMA shall create an electronic dissemination system for the publication of statutory statements and information. Dissemination of such statements and information in the system shall be by the companies, issue managers and auditors. The CMA may engage another entity to create the system on the terms and conditions it sees fit.

Article (7)

The companies, issue managers and auditors, when using the electronic dissemination system, shall be obliged to the following:

1. The system must be used by the persons responsible for dissemination in the companies, issue managers and auditors. User names and passwords must be given to every person the company or the entity specifies after signing a declaration confirming knowledge of the system usage procedures.
2. Technical methods shall be put in place to prevent abuse of the system by other parties.
3. Statements and information in the system must be reviewed to ensure satisfying all elements with regard to the form and content prior to dissemination on the internet.
4. Any other rules the CMA or the entity appointed by the CMA sets out.

Article (8)

The company or issue manager or auditor shall be legally liable for the correctness, accuracy and adequacy of the statements and information transmitted through the system and ensure they are being filed on the system and keep certified registers showing the statements and information transmitted, date, time and name of the person who had transmitted them or amended or cancelled them. Such registers shall be accessible to the CMA and MSM on request.

Article (9)

Any failure of the system shall not exonerate from legal liability to comply with the statutory dissemination timings. The company or the issue manager or auditor shall, in the event of system failure, coordinate with the CMA or the entity responsible for the system to disseminate in the proper method.

Chapter III Establishment

Article (10)

The constitutive committee shall submit the establishment application to the CMA together with the following:

1. Copy of establishment documents signed by all the founders on the form prepared by the CMA.
2. Report of the expert assigned to valuate the contributions in kind, if any.
3. The approvals of the government entities to license the company regulated by them, if any.
4. List of the names of the members of the constitutive committee and their signatures.
5. Any other statements or documents the CMA sees necessary to be filed.

The application shall be deemed complete after satisfying all the statements and documents and the amendments the CMA requests.

Article (11)

The CMA shall issue the company establishment decision within fifteen (15) days from the date of completed applications accompanied by all the required documents. Where such term lapse without response, the same shall be deemed rejection of the application. The concerned may appeal in case of rejection.

Article (12)

The constitutive committee shall publish the establishment decision in the electronic dissemination system and in at least one (1) Arabic daily newspaper within not more than three (3) working days from the date of receiving the establishment decision.

Section I Issue of Shares in Public Offering

Article (13)

A company desirous of issuing shares in a public offering shall appoint an issue manager. The issue manager shall not be a related party of the company and shall be authorized to deal in this regard. The company and issue manager shall be liable for the information, statements and analysis in the prospectus.

The issue manager may engage another licensed entity to carry out issue management activities in the Sultanate to carry out some of its functions without prejudice to their liability toward the company, CMA and investors for such functions.

Article (14)

The issue manager shall file an application to the CMA for approval of the prospectus, at least thirty (30) days before the date specified for the beginning of the subscription. The application shall be signed by the company, the issue manager, the legal advisor and the underwriter for the newly constituted companies. The application shall include the following documents:

1. Receipt evidencing payment of the prescribed fees.
2. The prospectus in Arabic according to the format prepared by CMA, together with English translation.
3. Offering notice in Arabic according to the format prepared by CMA, together with English translation.
4. The subscription application form according to the format prepared by CMA.
5. Evidence of payment of the founders' contribution in the capital of the company under constitution.
6. Any other documents CMA deems necessary.

The CMA may not commence the review of the prospectus unless all the above documents have been duly completed.

Article (15)

The issue manager shall, in coordination with the company, include in the prospectus all the necessary information that would allow the investor to take the investment decision. Where the company conceals material information to protect the interests of the company and the investors, it shall indicate that in the prospectus showing the reasons and justifications for that and its impact.

The issue manager may during this period publish the prospectus or make it available to the public before being approved, provided that the prior approval of the CMA is obtained.

Article (16)

The CMA shall issue its decision on the approval of the prospectus within two (2) working days after ensuring satisfaction of all requirements and the company and issue manager shall take responsibility on the correctness of the statements in the prospectus.

Article (17)

The issue manager shall, within two (2) working days from the date of approval of the prospectus, provide the CMA and MSM with soft protected copies of the prospectus for posting them on the internet and electronic dissemination system.

The constitutive committee shall publish the offering notice, after approval of the prospectus, in at least one (1) daily newspaper in Arabic, at least seven (7) days prior to the beginning of the subscription.

Article (18)

Where any amendment or modification is made to the approved prospectus, the issuer shall forthwith file such amendment or modification with the CMA to obtain its approval.

The issue manger shall, after obtaining the CMA's approval, publish the amendments on the electronic dissemination system and in at least one (1) Arabic daily newspaper.

If the amendments were material information that affects the company, the CMA may order the cancellation of the offering and obligate the issue manager to refund the collected funds to the subscribers.

Material information means information to which their disclosure has a material influence on the price of the security in the market or the investment decisions of the participants or trading trends on the market.

The CMA may issue a form specifying the material information.

Article (19)

Where the company intends to make advertisements or promotional campaigns about the offered shares, the constitutive committee must make the investor aware of the investment rewards and risks and shed light on the actual statements set out in the prospectus.

In all cases, the constitutive committee or issue manager or any other party, shall not make an advertisement or promotion using statements not mentioned in the prospectus.

Article (20)

The issue manager, licensed banks and the companies operating in the field of securities and licensed to practice brokerage business may undertake the duty of receiving subscription applications through any electronic means by linking with the electronic subscription system of MCDC or any other means approved by the CMA.

Article (21)

The issue manager shall appoint at least three (3) licensed national entities from among the entities stated in Article (20) above in consultation with the company and conclude agreements specifying their duties and obligations to receive subscriptions and collect the funds, and allocate the securities in accordance with the subscription procedures specified in the prospectus, and coordinate with the issue manager to provide the required statements on the coverage, coordinate with MCDC on the subscribers register and refund of surplus amounts within a maximum of three (3) days after the allotment.

Article (22)

The issue manager and the subscription entities shall be liable towards the issuer and subscribers for any damage caused by their omission in the performance of their duties.

Article (23)

If it becomes evident after the end of the subscription period that the subscriptions exceed the offered shares, the shares shall be distributed among the subscribers proportionately to the number of shares subscribed by each one of them and in accordance with the allotment method specified in the prospectus.

The CMA may decide to distribute a minimum level of the shares offered for the public subscription at the beginning to all subscribers equally, and then the remaining shares shall be distributed in the manner set out in the preceding paragraph.

Article (24)

The subscription price shall be specified as per the directives issued by the CMA in this regard.

Section II

Valuation of Contributions In Kind and Appointment of Experts

Article (25)

The CMA shall create a roster to register experts for valuation of contributions in kind who are experts in economics or accounting or law, etc. in accordance with the standards set by the CMA for registration of experts and may seek the assistance of the experts registered with the Ministry of Justice and Legal Affairs.

Article (26)

Where there are contributions in kind in the capital of the company on constitution, the constitutive committee may evaluate such contributions by an expert or more from among the experts registered with the CMA.

The expert may access or request any information or documents he/she sees necessary to enable the expert to prepare the required evaluation report. The constitutive committee or board of directors, as the case may be, shall take the required actions to provide the required information or documents as soon as possible.

Article (27)

The expert shall prepare a report including accurate and detailed data on the contributions in kind, name of the person who contributed in kind and the basis of valuation and all other statements the expert sees necessary to be included. The expert shall submit the report to the constitutive committee or the board of directors, as the case may be, within thirty (30) days from the date the documents were referred to the expert.

Article (28)

The expert, the constitutive committee or the board of directors, as the case may be, shall be liable for the accuracy and adequacy and wholeness of the information in the evaluation report.

Article (29)

The CMA may object to the evaluation report and in such case appoint another valuer by decision for cause and the company under formation shall bear the expenses.

Article (30)

The constitutive committee or the board of directors, as the case may be, shall attach the report on the contributions in kind with the notice to convene the constitutive general meeting.

Article (31)

The constitutive general meeting shall approve the value of the contributions in kind under resolution issued by absolute majority. The person who contributed in kind shall not vote on the resolution. Absolute majority means in the application of this article fifty percent (50%) of the votes.

Article (32)

The ownership of the contributions in kind shall not be disputed and shall be wholly assigned to the company, and the owner shall transfer the title to the company immediately after the approval of the constitutive general meeting of the contributions in kind. In such case, the company shall allocate shares to the owner equal to the value of the contribution in kind.

Chapter IV

Company Conversion and Merger

Section I

Company Conversion

First

Conversion to a Public Joint Stock Company

Article (33)

Any company may convert from the forms stipulated in Article (4) of the Law to a Public Joint Stock Company if it meets the following terms and conditions:

1. Resolution by the extraordinary general meeting or the partners' meeting or all the partners to convert into a public joint stock company on the same corporate actions required to amend the constitutive documents.
2. The company shall not be under liquidation
3. The capital of the company on conversion shall not be less than the statutory minimum unless it issues new shares.

Article (34)

The company that meets the terms and conditions stipulated in Article (33) of this regulation shall take the following procedures:

1. Submit the application for conversion to the CMA together with the following documents:
 - (a) Copy of the minutes of the extraordinary general meeting or the partners' meeting or all the partners, which resolved the conversion.
 - (b) Copy of the latest financial statement audited by an accredited auditor provided their date shall not be more than six (6) months.
 - (c) Copy of the constitutive documents on the form prepared by the CMA.
 - (d) Evidence that the creditors accept the conversion resolution and have no objection.
 - (e) Any other documents the CMA require.
2. The CMA shall consider the application and issue its decision thereon within fifteen (15) days from the date of completed application accompanied by the required documents. In the event of rejection, the company shall be informed of the reasons.

3. The company shall, within not more than six (6) months from the date of approval of conversion, complete the procedures required to prepare the prospectus and appoint the entities required by law and finalize the offering and listing of the company on the MSM in accordance with the requirements for offering of shares in public subscription stipulated in this regulation, otherwise the approval shall be deemed cancelled.
4. The general meeting of the company under conversion shall convene to consider the matters related to conversion to a Public Joint Stock Company in accordance with the procedures, timings, quorum and other responsibilities of the general meeting.
5. Register the resolution to approve the conversion with the registrar.

Second
Conversion from a Public Joint Stock Company

Article (35)

The company shall submit the application for conversion from a public joint stock company to the CMA to obtain its approval together with the following documents:

1. Minutes of the meeting of the board of directors approving the conversion and the reasons and justifications.
2. Provide a fair price offer by the shareholders who intend to buy the shares prior to completing the conversion procedures.
3. Declaration by the shareholders who pledged to buy, of their financial ability to buy the shares of all the shareholders who intend to sell.
4. Copy of the report on the valuation of the assets of the company prepared by an auditor accredited by the CMA showing the fair price to buy the shares provided it shall not be made before more than six (6) months. The company whose capital is eroded by 75% or more shall be excluded from this clause with the CMA's consent.

Article (36)

The CMA shall consider the conversion application and issue its decision approving the conversion. In the event of a rejection, the company shall be informed of the reasons for rejection.

Article (37)

The company, after obtaining the CMA's approval of the conversion, shall disclose to the public through the electronic dissemination system and an advertisement of the intent of the shareholders to buy the shares at least fourteen (14) days prior to commencement of the buying process, the advertisement shall include the following:

1. Name and address of the company and the proposed legal form after conversion.
2. Name or names of the shareholders who intend to buy.
3. Proposed buying price and its basis.
4. Date of commencement and end of the share buying offer.
5. Name of the brokerage company or the brokers executing the transaction and means of communication with them.
6. Any other information the CMA requests to be included in the advertisement.

Article (38)

The company shall, after obtaining the CMA's approval, call for an extraordinary general meeting to approve the conversion.

Article (39)

The company shall, immediately after completing the buying of the shares from the small shareholders, within a maximum of six (6) months from the date of the application, complete the procedures required for conversion to the new legal form with the registrar. Where the company fails to complete the procedures during such term, the application shall be null and void.

Article (40)

The company who completed the conversion procedures shall notify the MSM and MCDC to finalize the delisting procedures or transfer to the Third Market, as the case may be, within not more than fourteen (14) days.

Section II **Company Merger**

Article (41)

The company desirous to merge shall call for an extraordinary general meeting together with the explanatory note, after meeting the following requirements:

1. Explanation of the causes for merger and its impact on the company and its shareholders.
2. Terms and conditions of the merger agreed with the companies intending to merge.

3. The result of valuation of the assets and liabilities of each company in accordance with the latest audited financial statements provided they shall not be prepared before more than six (6) months.
4. The entity that carried out the valuation of the assets and liabilities and accounting basis adopted in the process.
5. Date taken as basis for the valuation.
6. The consideration the partners or shareholders will receive after the merger and the basis adopted in its estimation.
7. Report on the opinion of the auditor of the merging company in the basis adopted in estimation of the consideration the merging company or the new company will receive, as the case may be.
8. Any other requirements or documents the CMA sees necessary to be attached.

Article (42)

The board of directors shall, in addition to the responsibilities stated in the Law, submit the listing application on the MSM within a maximum of fifteen (15) days from the date of registration with the registrar.

Chapter V

Capital

Article (43)

The capital of the company shall be divided into shares of equal value in the same issue.

Article (44)

The company shall keep the shareholders' register with MCDC who shall register and record all acts on the register and update the shareholders' particulars.

The company shall have the right to access the register of its shareholders as per the procedures set out by MCDC and the shareholder may obtain a statement of the securities they hold. Ownership of any shareholders of shares shall not be considered unless the ownership is registered with MCDC.

Section I Preference Shares

Article (45)

The articles of association of the company may provide for certain preferences for shares in voting or dividends or the proceeds of liquidation or other rights.

Such shares shall be called preference shares and shall be issued in different classes as per the preference they bear provided the preference shall be the same for the same class of shares even in different issues.

Article (46)

The company may issue preference shares on the following terms and conditions:

1. The articles of association of the company permits issuance of such shares.
2. Obtain the approval of the extraordinary general meeting.
3. The ratio of preference shares shall not exceed 20% of the total capital.

Section II Enjoyment Shares

Article (47)

Companies whose articles of association provides the redemption of their shares during the company's term because of the connection of the company's activity to a commitment to utilize a natural resource or provision of service or running of a public utility for a specific term or any sort of utilization that may be exhausted by use or depleted after a certain period of time, may issue shares of enjoyment in accordance with the provisions of this regulation.

Article (48)

The shareholder whose shares are redeemed shall receive enjoyment shares and shall have all the rights stipulated for shareholders as specified in the articles of association of the company without having the right to participate in the proceeds of the company's assets on dissolution or liquidation.

Article (49)

Enjoyment shares shall be redeemed by way of refund of part of the value of the share and the whole redemption ends during the term specified in the articles of association of the company. Redemption shall be made on equal basis for all the share of the same type.

Article (50)

The value of the redeemed shares shall be paid from the profits or distributable reserves.

Article (51)

The redemption of enjoyment shares shall be resolved by the extraordinary general meeting specifying the terms and conditions of redemption, ratio and timing.

Section III **Shares Split and Consolidation**

Article (52)

The board of directors may resolve to split or consolidate the company shares provided the same be disclosed in the electronic dissemination system fourteen (14) days prior to the date of split or consolidation. The disclosure statement shall include the reasons of the resolution and the expected reward and the date of effect of the resolution and its impact on the shareholders and the rate the shareholder will receive accordingly.

The company shall coordinate with MCDC to modify the shareholders register and the MSM for the purpose of listing the new shares in accordance with the applicable procedures.

Section IV **Certificates of Deposit (CDs) Tradeable in Global Markets**

Article (53)

The company desirous of converting some of its shares into certificates of deposit tradeable in the global markets shall observe the following:

1. The number of shares allocated for conversion shall not exceed 20% of the total number of the issued shares.
2. The company shall appoint an issue manager in the country where the CDs will be listed and traded and a local custodian from among the companies licensed to operate in the field of securities.
3. Any other terms and conditions the CMA sets.

Article (54)

Issuance of CDs tradeable in the global markets shall be by resolution of the board of directors either by converting previously issued shares of the company or issuance of new shares. In the event of issuance of new shares, the company shall follow the statutory procedures required for capital increase and shall expressly specify the number of CDs and the issue price.

Article (55)

Holders of CDs tradeable in the global markets shall have the right in dividends and voting rights in the general meetings of the company through the local custodian.

Article (56)

International CDs may be traded in the market where they are listed and may be replaced by shares of the company through the local custodian and then sell the shares in the local market.

Section V Share Fractures

Article (57)

The company shall sell share fractures resulting from a share split or share increase or dividends or consolidation process or conversion of bonds to shares or capital reduction. The proceeds from the selling shall be deposited with the Investor Trust Fund.

Section VI Capital Increase

Article (58)

An authorized capital increase shall be resolved by the extraordinary general meeting and the issued capital shall be increased by resolution of the board of directors.

Article (59)

The board of directors shall consider the best method to enable the company to obtain the needed financing. Where the same is by way of actual capital increase, the proposal to increase the issued capital shall have adequate justification accompanied by a report on the company's business during the present year and the last approved balance sheet and the auditor's report on the correctness of the financial statement in the board of director's report.

Article (60)

A capital increase may be in cash or contribution in kind or conversion of the company's debt into shares.

Article (61)

The procedures set for the valuation of contributions in kind and appointment of experts as stipulated in Chapter III of this regulation shall apply in the event of a capital increase by way of contributions in kind.

Section VII

Issue of Shares in Private Placement

Article (62)

A company intending to increase its capital through private placement of shares to specific person (s) shall convene an extraordinary general meeting to obtain the approval of such proposal. The company shall send, along with the agenda, the summary of the proposal including pricing along with the rationale, identity and background of the proposed allottees, the perceived value addition to the company and any other information as deemed necessary to be disclosed.

The company shall obtain a financial guarantee from the person to whom the private placement is addressed, prior to the general meeting, that they will pay the value of shares allotted to them. Where the persons to whom the shares are allotted are related parties, the company shall disclose the same to the shareholders in the notice to the general meeting showing the nature of interests related to the company.

Article (63)

The company may appoint an issue manager to take on the issue of shares through private placement.

Article (64)

The company, after obtaining the approval of the general meeting, shall submit to the CMA the prospectus on the form prepared by the CMA after payment of the prescribed fees for approval of the prospectus.

Article (65)

The company shall collect the subscription amounts within thirty (30) days from the date of the general meeting. Where such procedure is not completed within the said period, the board of directors of the company shall call for another extraordinary general meeting to renew the approval if the company is willing to go ahead with the proposal of private placement.

Article (66)

The company shall determine the proposed issue price as follows:

1. Where the capital increase shares are to be issued only through private placement, the issue price shall not be less than the average of the weekly high and low closing prices of the relevant shares listed on the MSM in the last twenty six (26) weeks, or such average during the four (4) weeks before the date of disclosure of the private placement agreement, whichever is higher. The CMA may agree on another price for the issue.

2. Where the capital increase shares are offered through private placement after being offered to the shareholders of the company to exercise their rights in a rights issue, the issue price shall not be less than the price at which it was offered in the rights issue, provided that the collection of subscription funds and completion of the private placement issue shall be completed within thirty (30) days from the date of closure of the rights issue.

Article (67)

The privately placed shares shall be locked in for a period of two (2) years from the date of listing on the MSM without affecting the right of the shareholder to effect a secondary pledge on the shares.

Section VIII

Rights Issue and Assignment

Article (68)

Every shareholder, in the event of a capital increase, shall have the right to subscribe in the number of new shares in proportion to their existing shares.

A rights issue means the right of the shareholder to subscribe in the capital increase shares in proportion to the shares they hold on the date of record.

Article (69)

The issue of shares in a rights issue shall be governed by the provisions of Chapter III of this regulation without being obliged to appoint three (3) national entities to receive the subscription application as stated in Article (21) of this regulation.

Article (70)

Holders of the rights issue may, within the period specified for exercising the rights issue, waive their right in relation to all or part of the shares comprising the increase in the share capital. The assignees may subscribe to such shares under this right or waive it until the end of such period. Holders of the rights issue means the shareholders registered in the company register kept with MCDC on the date of record.

Article (71)

Following the approval of the prospectus and at least five (5) days prior to being entitled to their rights in the rights issue, the company has to publish an advertisement on the issue via the electronic dissemination system and in a daily newspaper in Arabic. This advertisement should contain an adequate summary of the prospectus including the amount and percentage of increase in the share capital, issue price, date of acquiring the right, subscription entities and subscription period in addition to the periods during which the right is to be exercised or waived as specified.

The date of record shall be specified in the prospectus by resolution of the general meeting or board of directors as the case may be.

Article (72)

The rights may be waived during the period which commences from the date of the listing on the MSM and terminates on the date specified in the prospectus, provided that it shall be adequate time before the subscription is closed. Such waiver of the rights shall be independent from the ordinary shares.

Article (73)

The issue manager, in collaboration with MCDC, shall take the procedures for listing the rights issue on the MSM within a maximum of five (5) days from the date of record. They shall prepare a register for the holders of the rights issue based on which the waiver processes shall be carried out during the specified period.

Article (74)

At least three (3) days before the commencement of the exercising of the right, the issue manager shall send to each shareholder, to his address in the shareholders' register or email address or any other means, a written notice informing him about the right along with a copy of the prospectus approved by the CMA. The notice must specify the maximum limit of shares to which the rights holder can subscribe and the period during which this right can be exercised, provided that the said period should not exceed fifteen (15) days from the date of the notice.

Article (75)

The issue manager shall, after the end of the subscription period in the rights issue, match the names in the final rights issue register with the subscription applications received from the subscription entity.

Article (76)

The timeline for the trading and subscription in the rights issue shall be according to the form prepared by the CMA.

Article (77)

The subscription application may include the shareholder's request to obtain additional shares if the capital increase shares were not fully subscribed as set out in the prospectus.

Where all or part of the shares were not subscribed by the shareholders during the specified period, the board of directors shall offer the shares in public or private offering or reduce the capital increase to an amount equal to the unsubscribed shares.

Section IX

Employees Share Scheme

Article (78)

The company may propose to the extraordinary general meeting to allocate part of the share capital increase shares to the employees at not more than 5% of the shares and the general meeting's approval shall specify the following:

1. The percentage of the capital increase shares allocated to the employees and the share of each employee.
2. The category of employees to whom the shares may be issued and basis of determining eligibility, if any.
3. The support the company provides to the employees, if any, and methods of financing provided the employees shall pay the full value of the subscribed shares.

Article (79)

Notwithstanding the provisions of Article (78) of this regulation, the company may set a scheme to issue new shares allocated to the employees through the granting of options to own the shares on the following terms and conditions:

1. The company shall prepare the scheme, its administration and follow up of execution.
2. Obtain the approval of the extraordinary general meeting of the scheme including the following:
 - (a) Number of offered shares under the scheme and the rights the employee can exercise and obtain in case of participation in the scheme and the formula for determining the offer price.
 - (b) Timeline for execution of the scheme and its terms and conditions.
 - (c) Category of positions and basis of determining eligibility, if any.
 - (d) Maximum number of shares the employee can hold and the period required for acceptance and exercise of the ownership.
 - (e) The amount to be paid by the employee on submission of the ownership application or acceptance and basis of determination.
 - (f) Specifying the support the company provides to the employees, if any, and method of financing, provided the employee shall pay the full value of the allotted shares.

- (g) The period during which the employee shall keep the shares prior to being able to dispose of the shares, if any, and the impact at the end of the employee's service on the ownership of the shares.
3. The scheme shall only be limited to ordinary shares.
 4. The percentage of the shares allocated to the employees under the scheme shall not be more than 10% of its total number of the issued shares, excluding treasury shares at any time.
 5. The percentage of the shares allocated to an employee shall not be more than 10% of the total percentage specified in clause (4) of this Article.
 6. The duration of the scheme shall not exceed 10 years.
 7. The extraordinary general meeting shall authorize the board of directors to execute the scheme.
 8. The scheme shall not be modified or terminated except with the approval of the extraordinary general meeting.

Article (80)

The company, after approval of the extraordinary general meeting, must apply to the CMA to approve the prospectus that includes the statements and information approved by the extraordinary general meeting together with the receipt indicating payment of the fees for approval of the prospectus.

Article (81)

The company shall complete the procedures of issuing and listing the shares within sixty (60) days from the date of approval of the prospectus, otherwise the CMA's approval shall be cancelled.

Article (82)

The audit committee of the company shall verify, at least once per annum, that the employees share scheme of the company has been executed in accordance with the rules stipulated in this regulation and the scheme has been approved by the extraordinary general meeting and to include the same in the annual report of the company.

Section X

Company Repurchase of its Shares

Article (83)

The company desirous of repurchasing its shares shall:

1. Ensure its articles of association allow such repurchase.
2. Ensure it has issued two audited balance sheets.
3. Shall not have issued new shares in the six (6) months preceding the application.
4. The number of shares to be purchased shall not be more than 10% of the capital.

Article (84)

The company desirous of purchasing its shares shall apply to the CMA together with the following:

1. The resolution of the board of directors approving the repurchase including purchase plan, reasons, details, viability and that the purchase will not result in volatility in the price of the share and source of financing.
2. Financial projections approved by the board of directors indicating compliance with Article (89) of this regulation.
3. Approval of other regulators, if any.
4. Advertisement of repurchase of the company's own shares on the form prepared by the CMA.
5. Any other statements or information the CMA requests.

Article (85)

Subject to Article (146) of the Law, the company shall publish the repurchase advertisement of its own shares via the electronic dissemination system and at least in one (1) daily newspaper in Arabic during a period not exceeding fifteen (15) days from the date of obtaining the CMA's approval.

Article (86)

The Company shall repurchase its shares through the secondary market in accordance with the following rules:

1. Repurchasing shall be within one hundred and eighty (180) days from the date of issuance of repurchase decision.

2. Repurchasing process shall be made through one or more than one broker.
3. The company shall not start purchasing before the passing of fifteen (15) days from the date of the notice.

Article (87)

The aim of repurchasing of shares shall be for generating benefits for the company and all shareholders. The Board of Directors shall explain to the general meeting, which shall consider the repurchasing of its shares, the reasons for the repurchasing.

Article (88)

The number of shares which the company wishes to repurchase shall not exceed the amount of its distributable retained profits.

Article (89)

The company may not repurchase its shares if:

1. The company's latest balance sheet prepared and audited according to the international financial and auditing standards, shows cumulative losses.
2. The company had failed to pay due obligations or if there was a legal proceeding against the company which is expected to have a very adverse effect on the company's financial position.

Article (90)

The company may not repurchase its shares if the purchasing will cause any of the following:

1. Reducing the company's issued capital below the minimum provided in the Law.
2. Failure of the company to pay overdue liabilities or any short or long term liabilities.
3. Reducing the ratio of current assets to current liabilities to less than 150%.
4. Reducing the ratio of shareholders' equity to long term liabilities to less than 100%. Long term liabilities in this article include contingent liabilities.

Article (91)

The company shall not keep the repurchased shares for more than a year from the completion date of repurchase, however, the period may be expended for another year according to a resolution by the board of directors provided the resolution is made within not less than thirty (30) days prior to the expiry of the term after the approval of the CMA.

Article (92)

The repurchased shares and the shares of the company's subsidiaries shall not enjoy the rights stipulated in Article (121) of the law.

Article (93)

The company may repurchase its shares again after the lapse of at least two (2) years from the completion date of repurchase in accordance with the provisions regulating the companies repurchase of its own share.

Chapter VI Company Management

Section I General Meeting

First Notice to the General Meeting

Article (94)

Notice of the general meeting and preparation of the agenda shall be in accordance with the form prepared by the CMA signed by the Chairman or Vice Chairman, auditor and legal advisor.

Article (95)

The Chairman or auditors, as the case may be, shall file the notice and agenda of the general meeting to the CMA for review and approval. The board or auditors, as the case may be, shall be liable for correctness of the statements therein.

Article (96)

The board of directors or auditors, as the case may be, shall publish the notice and agenda of the general meeting on the company's website, the electronic dissemination system and one (1) daily newspaper in Arabic at least fifteen (15) days prior to the date appointed for the meeting.

Article (97)

The companies operating in the field of securities licensed by the CMA to manage the accounts of customers who are shareholders in the company shall send the notice and agenda and the attachments to all the customers on their registered addresses.

Article (98)

MCDC shall administer the general meeting in accordance with the rules and procedures set by the CMA.

Second

Attendance and Voting in the General Meeting via Electronic Systems

Article (99)

Shareholders in the company may attend and vote on the resolutions of the general meeting via electronic systems approved by the CMA as follows:

1. The system shall allow attendance, participation in discussion and recording and voting on the resolutions of the general meeting.
2. The system shall allow identification and verification of the identity of the shareholder and record his/her attendance.
3. The system shall provide the highest degree of safety and confidentiality.
4. Any other rules set out by the CMA.

Third

Proxies

Article (100)

Subject to Articles 168 and 169 of the Law, the shareholder shall have the right to appoint any natural person as proxy to attend and vote in the general meeting. The member of the board of directors may attend and vote in the general meeting as proxy of his/her minor children.

Article (101)

Proxies shall be in accordance with the authorization card issued by MCDC attached with the notice save the shareholders who held shares in the company after the notice was sent, provided they prove the same.

Article (102)

Copy of ID or residence card or passport shall be attached with the proxy card. If the shareholder is a juristic person the proxy shall be signed by an authorized signatory and the company seal shall be fixed on it together with a copy of the commercial registration certificate and copy of the authorized signatory's ID.

Article (103)

A shareholder registered under trust account or a custodian may give proxy to a licensed company provided the agreement between the company and the customer states the company may act as proxy.

Article (104)

The company shall prepare a statement of the shares present in person or by proxy and their percentage to the share capital, whether or not quorum is present and shall be signed by the legal advisor and Chairman of the meeting.

Fourth **Convening of the General Meeting and Voting on its Resolutions**

Article (105)

Voting on the resolutions of the general meeting shall be open unless related to election of directors or instituting liability proceedings or removal of directors, then the voting shall be by secret ballot.

Article (106)

The board of directors shall respond to any query on the matters of the agenda and the auditors on the matters related to the financial statement they had audited and the legal advisor on the matters related to the legal status of the company.

Article (107)

Subject to Article 173 and 177 of the Law, any director may not take part in the voting on the resolutions of the general meeting in matters related to determination on the remuneration of directors or resolutions where they have personal interest. Related parties may not take part in voting in person or by proxy on resolutions of the general meeting if they have personal interest. Resolutions shall be by majority of the vote after excluding the votes of those who have interests.

Article (108)

Where a shareholder or proxy attend after the commencement of the meeting, their attendance shall be recorded and they be allowed to vote on the resolutions they attended.

Fifth **Minutes of the General Meeting**

Article (109)

The Chairman of the general meeting shall propose the appointment of the secretary to be approved by the general meeting.

Article (110)

The company may record the proceedings of the meeting by audio or video.

Article (111)

The minutes of the general meeting shall be recorded on the letterhead of the company whether by hard or soft copy. The quorum required for the meeting, the matters to be considered, resolutions, number of supporting and objecting votes of every resolution and abstained votes shall be recorded in the minutes. The secretary shall record the minutes including all the discussions and deliberation mentioning the names and reservations and anything requested to be recorded in the minutes.

Where the company amends its articles of association, the amendment shall be attached with the minutes in accordance with the form prepared by the CMA and signed by the legal advisor and the Chairman of the meeting.

Article (112)

The company shall file the original copy of the minutes of the general meeting with the CMA within seven (7) days from the day following the date of the meeting signed by the secretary, auditors, legal advisor and approved by the Chairman of the meeting together with candidacy forms if an election were conducted in the meeting. The certified copy of the minutes shall be filed with the MSM, MCDC and the registrar.

Article (113)

Shareholders shall have the right to access the minutes of the general meeting in the head office of the company, and any interested person shall have the right to access the minutes of the general meeting and obtain a true copy or extract in consideration of the prescribed fee.

Section II Board of Directors

First Election of the Members of the Board of Directors

Article (114)

The following should be observed upon the formation of the board of directors:

1. All members of the board shall be non-executive directors.
2. The number of directors must be as follows as a minimum:

Number of directors	5	7	9	11
Number of independent directors	2	3	3	4

The governance principles set out by the CMA shall specify the cases where the director is deemed as non-independent.

Article (115)

Any person who wishes to stand as a candidate for the board must:

1. Be a natural person.
2. Be of good conduct and sound reputation.
3. Be at least 25 years old;
4. Have a registered shareholder number with MCDC.
5. Not be unable to settle his indebtedness to the same company to which he is a candidate for membership of its board of directors.
6. Not be convicted of a felony or dishonorable crime or adjudicated as bankrupt or insolvent unless rehabilitated.
7. Not caused bankruptcy of a company by his sole act or as joint liability of directors.
8. Present, if he is nominating himself as an independent director, a declaration to that effect and that he will lose his membership if he loses his independence capacity.
9. Not be a director in more than four (4) public joint stock companies based in the Sultanate of Oman once appointed to the board in question. He may not be the Chairman of the board of more than two (2) companies.
10. Not be an employee or a member of the board of directors of a public or closed joint stock company which is carrying out similar objectives to that of the company which he intends to nominate himself to the membership of its board.

Article (116)

The articles of association of the company shall not require the candidate a minimum holdings of shares to be an eligible candidate for the board of directors.

Article (117)

Those who wish to nominate themselves to the membership of the company's board must submit an application form pursuant to the form prepared by the CMA, at least five (5) working days before the date fixed for the general meeting which will be electing the board's members.

The company shall publish the names of the candidates and their profiles in the electronic dissemination system at least three (3) days before the date of the general meeting.

Article (118)

At least three (3) days before the date fixed for the general meeting, the legal advisor of the company shall review and approve the nomination application forms to ensure recording of all required information and that the candidates satisfy the required conditions.

Article (119)

The directors shall be elected by direct secret ballot by the shareholders. Each shareholder shall have a number of votes equal to that of the shares held by him. A shareholder shall have the right to use the entirety of his votes in support of one nominee or divide his shares among other nominees of his choice through the voting card but not to exceed the vacant seats. It follows from that that the total number of votes given to the nominees by one shareholder must be equal to the number of shares owned by him.

Article (120)

Where a general meeting is held to elect the directors and the number of candidates is less than the number of directors specified in the articles of association of the company, another general meeting shall be called to convene latest within sixty (60) days from the date of the meeting to elect the remaining number of directors.

Article (121)

The membership of those elected in violation of the provisions of the Law and this regulation shall be null and void with effect from the date of their election. The company's board must call a general meeting to elect another member within a maximum period of thirty (30) days from being aware of the nullity. The company shall have the right to claim damages which results from this violation from the said member or anyone who took part in facilitating his participation in the elections.

Second

Responsibilities of the Board of Directors

Article (122)

The board of directors shall be responsible for the following:

1. To appoint the chief executive officer or the like and the staff who report to any of them pursuant to the organizational structure of the company and to specify their rights and duties.
2. To constitute subcommittees to carry out certain tasks and the constitution decision shall contain the names of members, their duties, rights and obligations.
3. To appraise the performance of the employees mentioned in clause (1) and to assess the work carried out by the subcommittees.
4. To include in the annual report presented to the general meeting the reasons which justify the ability of the company to pursue its specified activities and the achievement of its objectives.
5. To appoint a secretary to the board in its first meeting.
6. To include in the governance report full statement on all amounts which a director might have received during the course of the year.
7. To ensure that any decision taken satisfies the legal requirements before being disclosed to the public.
8. To specify the fees for obtaining a true copy of the articles of association at not more than RO 20.

Article (123)

The Board shall setup regulations and bylaws covering different aspects of the company's business as follows:

1. Organizational chart shall include the divisions and the detailed responsibilities.
2. Reporting structure.
3. Functions and responsibilities of the subcommittees.
4. Authority levels, with respective limits to approve expenses and disbursements.
5. Provisions and procedures regulating purchases and provisions relating to tenders and negotiated contracting.

6. Human resource policies on compensation structure, appointment, development and training, promotion, termination of services and other relevant aspects.
7. Measures related to risk management, related party transactions and disclosure.
8. Investment policies of the company.
9. Board meeting via audio and video communication means.

Article (124)

The Board shall update the company's articles of association to ensure inclusion of all amendments adopted by the extraordinary general meeting. The updated copy shall be signed by the legal advisor and the Chairman.

Article (125)

The Board shall, at least annually, conduct a review of the effectiveness of the company's systems of internal controls and state in their report to the shareholders that they have done so.

Article (126)

The Board shall set up policies to enable shareholders to obtain correct and complete information in order to exercise their rights provided for in the Law. The Board shall determine the time for handing over of such information in compliance with the disclosure rules in effect.

Article (127)

The Board may adopt some of its resolutions by circulation, provided that the following rules are observed:

1. The subject of the resolution shall not relate to the financial statements or the matters referred to the Board by the Audit Committee.
2. The resolution to be adopted must be presented to all directors together with documents required to examine it and take a decision on it.
3. Each director must record his position in respect of the resolution, whether he accepts or rejects the same. Reasons justifying the director's decision must be in writing.

Article (128)

The secretary shall record the minutes of all meetings of the Board, showing the matters and important details discussed and the resolutions adopted in the meeting. Names of the present directors who voted against or in favour of any resolution must be recorded. The date and serial number of the minutes must be entered.

Third Remunerations and Sitting Fees

Article (129)

An item on sitting fees of directors and subcommittees shall be listed in the agenda of the ordinary annual general meeting provided the sitting fees shall not be more than RO 10,000 for each director per annum.

Article (130)

Distribution of directors' remunerations shall be from the net profits after deduction of taxes, legal and optional reserves and the funds allocated from the profits for capitalization and dividends. Where the company has consolidated accounts, the Board must determine the policy whether or not the directors' remuneration are to be from the results of financial statements of the parent company or the consolidated accounts.

Article (131)

Payment method of the directors and subcommittees remuneration and sitting fees shall be within the limits determined by the general meeting in accordance with the standards approved by the board of directors.

Article (132)

The board of directors of the CMA shall determine the remuneration and sitting fees for temporary board of directors and steering committees and the observer director appointed by the CMA and it shall be disbursed from the company.

Article (133)

The general meeting shall determine the directors' remuneration as follows:

1. Shall not exceed RO 300,000 for the company that realized net profits equal to or exceeding the profits realized in the previous financial year and has no accumulated losses or losses in the capital.

2. Shall not exceed RO 150,000 for the company that realized net profits less than the profits realized in the previous financial year and no losses in the capital.

Fourth Related Party Transactions

Article (134)

A related party shall not have any direct or indirect interest in the transactions and contracts with the company except as follows:

1. The normal contracts and transactions of the company with its clients in the ordinary course of business without any differential advantage to the related party.

In the application of this clause, normal transactions means routine contracts and transactions of the company carried out on a regular basis in order to achieve the company's objective.

2. Contracts and transactions entered through public tendering and full disclosure of the tender terms and conditions or after obtaining at least three (3) bids provided the offer by the related party shall be the best offer.

In both cases, the following shall be observed:

- (a) The transactions shall be reviewed by the audit committee prior to execution of the transaction.
- (b) Obtain the approval of the board of directors based on the recommendation of the audit committee.
- (c) Inform the general meeting of the transaction in the first meeting.

Article (135)

Transactions and contracts with the related parties which are not normal or not in the ordinary course of business shall be approved by the annual general meeting, provided the approval shall be explicitly for each transaction solely and shall contain all the details related thereto.

In the case of requesting prior approval of the general meeting, the agenda shall contain the following:

1. The details of the transaction as follows:
 - (a) The name of the beneficiary related party.
 - (b) Nature of the transaction and terms and conditions.
 - (c) Value of the transaction.

- (d) Execution period of the transaction.
 - (e) Conduct of an independent valuation in the case of a purchase or disposal of assets.
2. Statement by the audit committee and board of directors on the transaction.

Article (136)

The concerned related party shall not be allowed to vote on the transaction in which he has direct or indirect interest in the general meeting or board of directors.

Article (137)

The company shall observe the International Financial Reporting Standards (IFRS) when identifying related party transactions and disclosure of the same.

Article (138)

The company shall disclose the details of related party transactions in the annual report and the external auditor shall ensure in the following year that the related party has discharged all its obligations related to the transaction.

Article (139)

Transactions in violation of the rules for related party transactions shall be null and void and will be invalid against the company and shareholders. The related party shall be liable for the damage resulting from the transaction.

Section III **Executive Management**

Article (140)

The executive management shall exercise its duties and responsibilities according to the organizational structure to be approved by the board specifying the functions and authorities of each member of the executive management. The board shall approve an authorization to act as a framework for the responsibilities and authorities. The management shall adequately respond to the request of the board of directors and the subcommittees to execute its policies.

Article (141)

The executive management shall be responsible before the board of directors for all its acts.

Article (142)

The executive management shall do the following:

1. Run the daily business of the company efficiently and with due diligence in accordance with the policies and processes approved by the board of directors.
2. Execute the objects of the company stipulated in its articles of association.
3. Report to the board of directors the risks and difficulties as per the approved policies and procedures.
4. Protect the rights of shareholders and promote the company and increase its profits.
5. Report to the board of directors and the concerned entities any incident or violation in the company resulting in a financial impact.
6. Detailed disclosure to the board of directors of all financial and commercial transactions the managers or any of their relatives up to the first degree that have a personal interest that might be in conflict with the interest of the company.
7. Post on the internet and on the electronic dissemination system the basic information related to the company, its annual and quarterly results and the explanatory statements and information and analysis as per the requirements of disclosure.

Article (143)

The executive management shall be obliged with the principles of professional conduct set up by the board of directors.

Article (144)

Notwithstanding the competitive advantage of the company or disclosure of any statements or information that could adversely affect the interests of the company, the annual report shall include a summary of the management discussions and analysis in addition to the board of directors opinion thereon as per the form prepared by the CMA.

Chapter VII

Audit Committee, Internal Auditor, Legal Advisor and External Auditor

Section I

Audit Committee

Article (145)

The company should have an audit committee and the board should issue a decision for the formation of the audit committee from its members as per the following guidelines:

1. The committee shall comprise at least three (3) members with the majority of whom should be from the independent directors.
2. The chairman of the committee should be an independent director but should not combine chairmanship of the committee and the board.
3. The chairman and members of the audit committee shall have knowledge of risk management and governance and one member shall have experience in finance and accounting.
4. The decision for the formation of the committee should also specify the committee's terms of reference, place and quorum of the meeting and description of the method the members use to discharge their duties and responsibilities.

Article (146)

The committee shall hold at least four (4) meetings per annum provided that the majority of the independent members attend the meeting.

Article (147)

The audit committee shall be responsible for:

1. Considering the aspects relating to the appointment of external auditors including their fees and terms of engagement.
2. Reviewing the details of the audit plan of the audit firms and the results of the audit process as to whether or not the auditors have had full access to all relevant documents to perform their job.
3. Ensuring there is in place adequate procedures to detect and prevent any cases of financial fraud or forgery, to ensure adoption of appropriate accounting policies and principles in accordance with international accounting standards that demonstrate the real financial position of the company.

4. Oversight of the internal audit function through an approved audit plan, considering the reports of the internal auditor, ensuring the internal auditor have full access to the relevant documents and reviewing the efficiency of internal audit function regularly.
5. Reviewing the risk management policy of the company and the adequacy of internal control systems through the regular reports of internal and external auditors or appoint external consultants in this field.
6. Reviewing the annual and quarterly financial statements before issue, review of the reservations of the external auditor on the draft financial statements, if any, and ensuring compliance with international accounting standards and disclosure requirements prescribed by the CMA.
7. Serving as a channel of communication between the board and the external auditor and internal auditor.
8. Reviewing the proposed transactions with related parties to make suitable recommendations to the board.
9. Reviewing the report of the external valuer of the internal auditor and submit to the board of directors together with their recommendations and disclose the summary of the results of valuation process as part of the governance report.
10. Proposing wages and remunerations and financial and in kind benefits for the employees of the internal audit unit.

Article (148)

The audit committee shall have the power to invite the financial manager and the head of internal audit to attend its meetings if it needed more explanations and to seek assistance of persons with relevant expertise, if considered necessary, and to look for information from any employee of the company.

Article (149)

The audit committee should hear the views of the external and internal auditors at least once per annum without the attendance of the executive management.

Section II

Internal Auditor

Article (150)

Every company shall appoint an internal auditor to perform internal audit functions, through incorporating in its organizational structure an independent unit for internal audit or engage an internal audit firm accredited by the CMA. Every company with a capital of RO 10,000,000 (Ten million Riyals) or more shall have an internal audit unit through the appointment of full time employees.

The board of directors shall have the power to appoint or terminate or accept the resignation of the head of internal audit unit or an accredited internal audit firm based on the recommendation of the audit committee.

The board of directors' secretary shall assume all the procedures related to the appointment of the internal auditor under the oversight of the board of directors.

Article (151)

The CMA shall maintain a register for accreditation of internal audit firms which the company may engage.

Article (152)

Accreditation of internal audit firm shall require:

1. The firm shall be registered in Oman with experience in internal audit not less than five (5) years. The Executive President may exempt the international firms registered in Oman from the term.
2. The firm shall have appropriate professional and technical competence and reputation in internal audit. It shall not be deprived of practicing the professions or any penalty imposed on the firm for committing professional errors or legal violations during the past two (2) years.
3. The number of full time employees shall not be less than five (5) with two (2) of them having at least five (5) years of experience in internal audit in public joint stock companies after obtaining the certificate of chartered accountant or professional certification in internal audit from recognized institutions. The Omani national who doesn't meet this requirement may be appointed if he has a bachelor degree in accounting or finance from a recognized university in Oman or has practical experience not less than seven (7) years in internal audit of public joint stock companies after obtaining the degree.

Article (153)

The application for accreditation of the internal audit firm shall be submitted to the CMA on the form prepared for this purpose together with the following documents:

1. Commercial Registration Certificate.
2. List of the names of authorized signatories.
3. List of owners, partners and professional employees of the firm, their educational and professional qualifications and practical experience.
4. List of the clients to whom internal audit services are rendered during the time of application, if any.
5. Copy of the rules, policies and audit methodology adopted by the firm in internal audit.
6. Evidence of payment of the fees.
7. Any other statements or information the CMA requests.

Article (154)

The CMA shall consider the application and issue its decision within seven (7) working days from the date of completing all the required statements and documents. Such term lapsing without response, shall be construed as acceptance of the application.

Article (155)

The accreditation shall be issued for two (2) years after payment of the fees. It may be renewed on the same terms and conditions provided the renewal application is submitted within thirty (30) days preceding its expiry.

Article (156))

The internal audit firm shall on suspension or cancellation of the accreditation, cease performing the functions and the board of directors shall take action to terminate the engagement and appoint another internal audit firm.

The internal audit firm whose accreditation is cancelled may submit a new accreditation application to the CMA after two (2) years in accordance with the procedures and requirements stipulated in this regulation and after proving they have rectified the reasons for the cancellation of the previous accreditation.

Article (157)

The CMA or any third party independent expert may review the work of any accredited internal audit firm to ensure that the audit process of the company is conducted according to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA) and the audit policies, rules and methods adopted by the firm.

The audit firm shall cooperate with the auditors of the CMA or the third party it appoints and provide them with any statements or documents or information they require as and when specified.

Article (158)

The board of directors, when the internal audit work is being conducted through the unit in the company, shall observe the following:

1. The internal audit unit shall be directly reporting to the board of directors and the board shall be responsible for all technical and administrative affairs related to the unit or its employees without any interference from the executive management.
2. The unit shall comprise of at least two (2) auditors.
3. The head of the unit shall be appointed by a resolution of the board based on the recommendation of the audit committee and his experience in internal audit shall not be less than five (5) years after obtaining a certificate of chartered accountant or professional certificate in internal audit of public joint stock companies from a certified institution. The Omani national who doesn't meet this requirement may be appointed if he has a bachelor degree in accounting or finance from a recognized university in Oman or has practical experience not less than seven (7) years in internal audit of public joint stock companies after obtaining the degree.
4. The internal audit unit is strictly prohibited to carry out the internal audit of any other company except the subsidiaries of the company.
5. No employee of the internal audit unit can be appointed as a member of the board or any subsidiary or associate company.

Article (159)

The company, when appointing the employees of the internal audit unit shall ensure:

1. The employees are full time employees of the company.

2. Shall have a certificate of chartered accountant or professional certificate in internal audit or information technology audit. The Omani national who doesn't meet this requirement may be appointed if he has a bachelor degree in accounting or finance or information technology or any other field related to the company's business, provided he should have undergone a minimum of twelve (12) months training.

Article (160)

If the internal auditor is outsourced, the board of directors shall observe the following:

1. The auditor shall be accredited by the CMA.
2. Shall not provide any additional services to the company other than the internal audit services.
3. Shall not combine between internal audit and external audit of the same company.
4. Shall maintain the confidentiality of the information obtained during the audit.

Article (161)

The roles and responsibilities of the internal auditor shall include but not be limited to the following:

1. To conduct a review of any unaudited financial statements, and comment thereon before their disclosure to the public.
2. Reviewing the effectiveness of the organization's code of conduct, ethics policies, complaint and whistle-blowing provisions.
3. Evaluating the compliance with the corporate governance process and prepare a report on the results of the evaluation to the board.
4. To review and examine the procedures and internal control of the company, which have been designed and implemented to ensure the company's compliance with the legal requirements, the internal regulation of the company and the procedures of the company and also to assist the management of the company in identifying the weakness in the internal controls and to recommend appropriate procedures to rectify the weaknesses.
5. Reviewing the compensations and benefits provided to any board member to ensure that these are in compliance with the legal and regulatory requirements and are duly approved by the board of directors. This review should be conducted personally by the head of internal audit unit, if any, maintaining the highest level of confidentiality of this process.

6. Providing information to the board and management about the adequacy and effectiveness of the company's systems of internal administrative, accounting and financing controls and the quality of operating performance of the company when compared to the established standards.
7. Reviewing the ways and means to safeguard the assets of the company.
8. Reviewing all operational areas to ensure optimum utilization of resources and compliance with established policies, procedures and internal regulations.
9. Opine on the manual and automated systems design to ensure they contain adequate internal controls.
10. Collaborate with the external auditors to provide all necessary information and cooperation that is expected from an internal auditor as per the terms of the International Standards on Auditing (ISA).
11. Review the information security system and control system, including applications control system and the database management system to protect the security, integrity and confidentiality of the company's data.
12. Promoting the awareness of risk management issues.
13. Any other functions as decided by the audit committee/board of the company, which should not conflict with the roles of the internal auditor or affect their objectivity and independence.

Article (162)

The internal auditor shall have the right of full and unrestricted access to all data related to the company's personnel and its assets, records, and properties and to contact the head and members of the audit committee, Chairman and members of the board of directors to request any statements required for the audit process.

Article (163)

The internal audit unit shall prepare a detailed written manual for the policies and procedures of the internal audit to be approved by the board of directors. These policies and procedures should at least include the following:

1. The organizational structure of the unit.
2. Job description and required qualifications of the head and employees of the unit.
3. Internal audit reporting method.

4. Detailed internal audit methodology clearly specifying the internationally or locally acceptable benchmarks or standards adopted for such methodology.
5. Fraud investigation and reporting process.
6. Procedures for dealing with cases on non-independence of any staff of internal audit unit.
7. Illustrative internal audit work programs for all the business processes of the company detailing the minimum audit procedures to be performed for each business process and any other risk-based procedures to be adopted.
8. Sample taking method.
9. Follow up and closure procedures of audit recommendations.
10. Internal and external quality assurance program of the internal audit activity.

Article (164)

A risk-based internal audit plan for the year shall be prepared by the internal audit unit before the commencement of the year, and shall be approved by the audit committee. The plan should include:

1. A summary of the risk assessment forming the basis of the proposed internal audit plan if the company has not implemented a formal Enterprise Risk Management (ERM), otherwise the internal audit plan may be aligned with the ERM as per the discretion of the internal audit unit.
2. The plan shall reasonably cover all business processes as per the risk assessment and professional judgement of the internal audit unit and shall also ensure that the following department/business processes are covered at least once every year:
 - (a) Procurement, contracts and payables.
 - (b) Revenue and receivables.
 - (c) Transactions with related parties.
 - (d) Review of the company's compliance with legal and regulatory requirements.
 - (e) Internal audit of subsidiaries which are not public joint stock companies.

- (f) Review of the automated internal controls including the information security and integrity of the company's information technology systems and databases.

Article (165)

Amendments may be made to the internal audit plan after being approved provided such amendment is approved by the audit committee.

Article (166)

The internal audit shall be conducted according to the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA) to the extent it is not inconsistent with this regulation.

Article (167)

The internal audit process for the financial year shall end before the end of audit conducted by the external auditor of the company.

Article (168)

The internal auditor should issue his/her draft report to the management (Chief Executive Officer or General Manager) for comments except in matters involving suspected fraud or criminal act, which should be directly reported to the audit committee members and the Chairman of the board of directors.

Article (169)

The final internal audit report with management comments accompanied by an executive summary of the report, shall be directly submitted at least once every ninety (90) days to the Chairman and members of the audit committee and Chief Executive Officer or General Manager as the case may be at least seven (7) working days before the date of the audit committee's meeting.

Article (170)

If there is a disagreement in opinion between the internal audit unit and the Chief Executive Officer or General Manager on any matter related to the internal audit work or any comments related to hindrance or non-cooperation with the internal audit unit, such matter shall be specifically recorded by the audit committee in the minutes of the audit committee meeting.

Article (171)

The Head of internal audit unit shall communicate the matters of importance and urgency to the Chairman of the committee or the Chairman of the board.

Article (172)

The internal auditor should maintain audit reports and working papers for a minimum of ten (10) years from the date of the final report, appropriately documented to demonstrate that the internal audit work was carried out in line with the legal and regulatory requirements and the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA). To do so, they should:

1. Keep electronic copies of the company's data that has been obtained during the internal audit work and save it in a secured/encrypted form to ensure that it could not be misused/copied.
2. Keep any printed data and information of the company that has been obtained during the internal audit process in secured files, ensuring that only authorised persons can access them.
3. Keeping soft and hard copies of records, files and statements related to clients shall commence on the date of signing the financial statements.
4. Put detailed written guidelines and provide secured storage mechanism to ensure compliance with the above.

In all cases, if the internal audit firm is suspended this will not relieve the firm from keeping the reports, working papers, records, files, statements and information for the term stated in this article.

Article (173)

The company should conduct a comprehensive external evaluation of the internal audit unit's activity as follows:

1. The evaluation shall be conducted by an accredited internal audit firm, provided the firm shall not be previously appointed as an external or internal auditor of the company in the last four (4) years.
2. The appointment shall be by the board of directors.
3. The evaluation shall be once every four (4) years to cover the activity in the previous four (4) years.
4. The evaluating firm shall submit the report to the board of directors.
5. The valuation report shall explain whether or not the internal audit unit has, since the last evaluation:
 - (a) Complied with this regulation.

- (b) Complied with the internal audit work in accordance with the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA) to the extent it is not inconsistent with this regulation.

Article (174)

Where the internal audit firm intends to cease rendering internal audit service, it shall take the following procedures:

1. Serve prior written notice to the CMA and the clients of the date, term and reasons for ceasing to render the internal audit service.
2. Suspend engaging with the companies regulated by the CMA.
3. Complete the remaining internal audit work or take appropriate measures to maintain the rights of clients.
4. Submit a report to the CMA on the measures taken to complete the remaining audit works.

In all cases, the internal audit firm shall not be exonerated from liability resulting from any error committed prior to ceasing the rendering of the internal audit work.

Section III

Legal Advisor

Article (175)

Every company shall have a legal advisor, either an in house full time employee of the company with appropriate legal qualifications and experience or outsourced from the legal firms licensed in Oman and registered with the CMA.

The powers to appoint and remove the legal advisor and accepting their resignation shall only be with the board of directors of the company.

Article (176)

The company desiring to appoint a legal advisor as an in house full time employee shall appoint a legal advisor who meets the following terms and conditions:

1. Shall have a bachelor's degree in law or equivalent qualification from a recognized university.

2. Shall have practical experience not less than five (5) years in the field of companies and the activities relevant to the commercial businesses such as commercial law, commercial companies law, capital market law and related laws and regulations. The Omani legal advisor may be exempted from this condition provided the company furnishes training programs for him/her in the said fields.

Article (177)

CMA shall maintain a register for the accreditation of law firms and legal advisors the company may engage.

Article (178)

The company desirous of engaging a legal advisor shall engage a law firm accredited by the CMA.

Article (179)

Accreditation of law firms shall require meeting the following terms and conditions:

1. Shall be licensed under the advocacy law to practice the advocacy profession.
2. At least two (2) of the employees of the firm shall have experience not less than ten (10) years in the profession including at least five (5) years in Oman in legal works related to commerce and business such as the commercial companies law, capital market law and related regulations.
3. Payment of the prescribed fee.

Article (180)

The registration application shall be submitted on the form prepared for this purpose together with the identification documents as follows:

1. Name of the firm, date of constitution, head office and contact address.
2. Copy of the license issued by the Ministry of Justice and Legal Affairs.
3. List of authorized signatories.
4. Lists of the names of the employees of the firm and their nationalities, academic and professional credentials and practical experience.
5. Evidence that the firm has at least two (2) employees with experience in legal works relevant to the commerce and business such as the commercial companies law, capital market law and the regulations related to public joint stock companies.

6. Written declaration by the firm pledging:
 - a. To be obliged to provide all statements and information required by the CMA on the companies they engage with.
 - b. To be obliged to report to the CMA if the firm lacks any of the requirements for the registration application.
7. Any other documents the CMA may require.

Article (181)

The CMA shall consider the application for accreditation and issue its decision within seven (7) days from the date of a completed application. Where such term lapses without response, the same shall be deemed a rejection of the application.

Article (182)

Accreditation shall be for two (2) years after payment of the prescribed fee and may be renewed on the same terms and conditions, provided the renewal application is submitted during the thirty (30) days preceding the expiry of the accreditation.

The firm shall not continue rendering the services to the entities regulated by the CMA unless the accreditation is renewed.

Article (183)

The legal advisor shall have the following functions:

1. Ensuring the company's compliance with the applicable laws, regulations and directives.
2. Preparing and reviewing any proposed amendments to the memorandum of association and articles of association in accordance with the applicable laws, regulations and directives.
3. Reviewing and ensuring that the prospectus meets all legal requirements and are consistent with the applicable laws and regulations in the Sultanate, the company's articles of association and its internal regulations.
4. Preparing and reviewing the contracts and agreements which the company concludes to ensure they meet all legal requirements.
5. Reviewing and signing the agenda of the board and general meetings to ensure the procedures of notice are consistent with the Commercial Companies Law, this regulation, articles of association and the directives.

6. Ensuring that the board of directors is constituted in accordance with the requirements of the Law throughout its term.
7. Ensuring proper invitation and conduct of the general meeting's proceedings, in form and content, are conducted in accordance with the Law including verifying the presence of quorum, Chairman of the meeting and the attendance of auditors.
8. Reviewing and signing the minutes of the meetings to ensure they are consistent with applicable laws, regulations, the company's articles of association and internal regulations.
9. Reviewing and signing nomination forms to ensure they contain all the required information and statements and that the election process is conducted in accordance with the Law and this regulation.
10. Giving legal opinion on issues, cases and other matters referred by the company including fraud crimes, breach of trust, theft and damage occurring in the company.
11. Any other function assigned by the company.

Article (184)

The following standards of professional conduct shall apply on the legal advisor:

1. Shall perform the duties honestly and responsibly and with best effort.
2. Follow up on the laws related to the company's business within the limits of their duties and any amendments thereto, and disclose in their reports the procedures the company will take accordingly.
3. Shall not be a party to any activity or business unacceptable to the company or resulting in conflict of interests.
4. Shall avoid any relationship that affect providing impartial opinion to the company.
5. Shall not accept any gifts or donations from any person or entity they see affecting their independence.
6. Shall disclose in the reports all the facts they find and aware of, which if omitted might influence the correctness of the facts in the report.
7. Shall not use the information available to them for any personal benefit.
8. Any other standards the CMA may decide.

Article (185)

The legal advisor shall not render legal advice to the company in any event that might affect their independence or influence them.

Article (186)

Where the law firm intends to cease rendering the service it shall take the following procedures:

1. Serve prior written notice to the CMA and the clients on ceasing to render the service and state the reasons.
2. Suspend engaging with the companies.
3. Complete the remaining work or take appropriate measures to maintain the rights of the clients.
4. Submit a report to the CMA on the measures taken to complete the remaining services.

In all cases, the firm shall not be exonerated from liability resulting from any error committed prior to ceasing in rendering the service.

Article (187)

The law firm shall serve notice to the CMA within a maximum of fifteen (15) days in case of occurrence of any of the following incidents:

1. Proceedings instituted against the firm in Oman relating to practice of the profession.
2. Any material modification in the statements related to the requirements for accreditation.

Article (188)

The law firm shall keep the soft and hard copies of records, files and statements related to clients for not less than ten (10) years. If the firm cease, the obligation to keep the records, files and statements shall continue for the said term.

Section IV **External Auditor**

Article (189)

The company shall appoint external auditors from the audit firms accredited by the CMA.

Article (190)

The CMA shall maintain a register for the accredited audit firms the company can engage.

Article (191)

The auditors to be accredited shall be required to satisfy the following:

1. The firm shall be registered in Oman with experience in audit not less than five (5) years. The Executive President may exempt the international firms registered in Oman from the term.
2. The firm shall have appropriate professional and technical competence and reputation in audit. It shall not be deprived of practicing the profession or any penalty imposed on the firm for committing professional errors or legal violations during the past two (2) years.
3. The number of employees of the firm shall not be less than five (5) who shall be:
 - (a) A Chartered Accountant.
 - (b) Shall be a full time employee of the firm.
 - (c) Three (3) of such employees shall have an experience of not less than ten (10) years in auditing after obtaining the certification, and two (2) shall have an experience not less than five (5) years in audit after obtaining the professional certification.
4. The ratio of the employees to the clients shall be within the following limits:
 - (a) Ten (10) clients for each employee with ten (10) years of experience after the professional certification.
 - (b) Seven (7) clients for each employee with five (5) years of experience after the professional certification.

Article (192):

The accreditation application shall be submitted to the CMA on the form prepared for this purpose together with the following documents:

1. Commercial Registration certificate.
2. Valid license to practice the accounting and audit profession.
3. List of authorized signatories.
4. List of owner/partners and professional officers of the firm working with the firm along with their professional qualification and practical experience.
5. List of clients whose business the firm is auditing at the time of application.

6. Copy of the audit regulations, policies and methodologies used in the audit process.
7. Evidence of payment of the prescribed fees.
8. Any other statements or information CMA may require.

Article (193)

The CMA shall consider the application for accreditation and issue its decision within seven (7) days from the date of a completed application. Where such term lapses without response, the same shall be deemed a rejection of the application.

Article (194):

Accreditation shall be for two (2) years after payment of the prescribed fee and may be renewed on the same terms and conditions, provided the renewal application is submitted during the thirty (30) days preceding the expiry of the accreditation.

Article (195)

The audit firm shall on suspension or cancellation of the accreditation, cease performing the functions and the board of directors shall take action to terminate the engagement and appoint another audit firm.

The audit firm whose accreditation is cancelled may submit a new accreditation application to the CMA after two (2) years in accordance with the procedures and requirements stipulated in this regulation and after proving they had rectified the reasons for cancellation of the previous accreditation.

Article (196)

The CMA or any third party independent expert may review the work of any accredited audit firm to ensure that the audit process of the company is conducted according to the International Auditing Standards and the audit policies, rules and methods adopted by the firm.

The audit firm shall cooperate with the auditors of the CMA or the third party it appoints and provide them with any statements or documents or information they require as and when specified.

Article (197)

The external auditors shall comply with following:

1. Review the details of the audit plan and audit results with the audit committee of the company which shall ensure the auditor has been granted the right to access all required documents to carry out the audit.
2. Discuss their recommendation with the audit committee before submitting the annual accounts to the board of directors for resolution.
3. Shall ensure that the audited financial statements has been approved by the Financial Manager and Chief Executive Officer or General Manager as the case may be.
4. Onsite audit shall be conducted by employees with a chartered accountant certificate. An Omani who have no such certificate may conduct the onsite audit provided they obtain a bachelor degree in accounting or finance from a recognized university.
5. An audit opinion should be signed by the authorized signatories who have a certificate of chartered accountant and should mention the full name and the date of signing.
6. Report to the board of the company and shareholders in the ordinary annual general meeting any matters of importance such as those related to the efficiency of the internal control systems and the company's ability to continue with its business.
7. Report to the board of the company any violations of the applicable law and regulations and the articles of association of the company. However, if a material violation is detected, the auditor shall report the same to the CMA and the annual general meeting of the company.
8. Discuss with the audit committee the risks threatening their independence and the preventive measures in place to limit the risks.
9. Notify the CMA within thirty (30) days if any of the terms and conditions of its accreditation stipulated in this regulation is lacking.
10. Provide annual declaration to the audit committee that the firm, the partners and employees who are conducting the audit are independent from the entity they audit.
11. The acceptance letter to assume the audit shall include prohibiting the appointment of any partner or employee who participated in the onsite audit in the company for not less than two (2) years from the date of audit opinion.
12. Comply with the standards of professional conduct issued by the International Ethics Standards Board for Accountants (IESBA).

Article (198)

The term of the auditor shall be for one (1) financial year that may be renewed for not more than four (4) consecutive financial years, thereafter, the auditor shall not be engaged except after two (2) consecutive years.

Article (199)

An audit firm shall not audit the companies regulated by the CMA if there exists anything affecting the independence of the external auditor or influencing their opinion.

Article (200)

Audit firms shall not render, directly or indirectly as part of the audit process, to the companies regulated by the CMA they audit or their subsidiaries, any services other than audit services except the services permitted under Article (201).

Direct or indirect services means such services the audit renders or through their partners or parent or subsidiary or associate company or any entity the auditor have material control or influence thereon or they use their trademark or tradename.

Article (201)

An audit firm may render the following non-audit services for which the fees, if any, shall be specified and approved, before payment, by the audit committee provided the fees shall not exceed, in any single year, 50% of the audit fee:

1. Services related to the audit process:
 - (a) Reports required from the auditor under the laws and regulations.
 - (b) Preparing reports required by the regulators.
 - (c) Preparing reports to regulators on the client's assets.
 - (d) Preparing reports on government grants.
 - (e) Preparing reports on internal financial controls as per the requirements of the laws and regulations.
 - (f) Reviewing periodical financial statements.
 - (g) Issuance of assurance letter for the purpose of client's borrowing or obtaining debt if the creditors/regulations require the letter.

2. Consultancy Services for taxes provided it complies with the following:
 - (a) Tax services shall be rendered by partners and employees who are not involved in the audit of the financial statements.
 - (b) Review of the tax services by a partner who is specialized in taxation or a senior officer of tax services at the audit firm.
 - (c) Review the tax account prepared by a partner or senior officer with experience to ensure it is prepared properly provided the reviewer is not a member of the audit team or the partner responsible for the audit process.
 - (d) Shall not take part in the preparation of the current or deferred tax accounts used or expected to be used in preparation of accounting entries deemed material to the financial statements of the auditee entity.
 - (e) Shall not render tax services to the auditee entity if the same would assist in defending the auditee entity to submit to the income tax committee or competent court.
3. Any service contracts approved by the CMA under the application submitted by the auditor showing the reasons for admitting the application. They shall not perform the job prior to obtaining the approval.

Article (202)

Audit firms may conduct joint audit of any of the companies and prepare one audit report provided the joint audit engagement agreement shall be signed by the company and the audit firms includes the joint audit plan.

Article (203)

The audit firm wishing to suspend rendering audit services shall take the following actions:

1. Inform the CMA and their clients in writing in advance of the date they intend to suspend practicing the review process and the terms and causes.
2. Stop engaging with the companies.
3. Complete any audit processes remaining with the audit firm or take suitable procedures to safeguard the rights of their clients.
4. Submit a report to the CMA on the procedures taken to execute such plan.

The audit firm shall not be exonerated from the liability resulting from any error committed prior to suspension of the audit process.

Article (204)

Audit firms shall inform the CMA within a maximum of fifteen (15) days of any of the following events:

1. Any legal proceedings instituted in Oman against the audit firm relating to practicing the profession.
2. Any material changes to the particulars of the audit firm related to accreditation requirements.

Article (205)

The audit firm shall file an annual report to the CMA including the following:

1. Description of the legal form of the firm and subsidiary firms.
2. Statement of governance of the audit firm including:
 - (a) Name of the owner of the firm or partners, managers, senior executives and description of the committees formed in the audit firm including the committees and work during the financial year.
 - (b) Description of the independence policies applied in the firm.
 - (c) Description of the quality control system applied in the audit firm and declaration that such system is prepared in accordance with the standards issued by the International Auditing and Assurance Standards Board (IAASB).
3. Information on the last examination process of the audit control applied in the firm including the date of execution of such process, results and how the firm dealt with such results.
4. Details of any penalty or precautionary measures imposed on the firm or chartered accountants working for the firm by the CMA or any regulator or judicial entity.
5. Details of any legal action or claim or any ongoing investigation against the firm that may have a material effect on the firm's business.
6. List of the companies regulated by the CMA which have been audited by the firm together with the details of other non-audit services rendered to such companies during the year.
7. List of their current qualified staff and their qualification/experience.
8. Qualification and experience of partners who sign the audit opinion.

9. Financial information including:

S	Description	Amount (RO)
1.	Total revenues of the firm	
2.	Total revenues from the audit of entities regulated by the CMA	

Article (206)

An audit firm shall maintain records, files and statements relating to the clients for not less than ten (10) years from the last financial year they audited their accounts. Such term shall be calculated from the date of completion of the file and end of the transaction.

The suspension or resignation of the audit firm from practicing the profession shall not absolve the firm from maintaining such records, files and statements for the above mentioned term.

Article (207)

The firm shall disclose in the corporate governance report the fees the audit firm charged for consideration of the ordinary audit work and other services they rendered.

Article (208)

The Auditor may resign after being appointed at reasonable time by written request to the board of directors. If there are matters to be informed to the shareholders of the company and the creditors, they shall submit a report to be presented to the general meeting. The board of director shall invite the general meeting to consider the report in not more than thirty (30) days from its date.

Chapter VIII
Appeals Committee

Article (209)

The Board of Directors of the CMA shall issue a resolution forming an appeal committee comprising of two (2) senior judges at the Primary Court to be nominated by the Chairman of the Council of Administrative Affairs of the Judiciary. The most senior of them shall chair the committee, in addition to a third member to be nominated by the Oman Chamber of Commerce and Industry.

The committee shall hear the appeals made by the parties concerned against the decisions issued under the Law or this regulation or the decisions made thereunder.

The term of the appeal of the decision shall be sixty (60) days from the date of notice of the decision or publication in the electronic dissemination system. The decision of the committee shall be final.

Article (210)

The appeal of the decisions issued under the Law or this regulation or the decisions issued thereunder shall be submitted to the appeals committee after payment of the fee. The fee may be refunded if the committee grants the request made in the appeal.

Article (211)

The appeal shall include the following statements:

1. Name of the appellant, profession and address.
2. Date of the appealed decision, date of notice or the date the appellant became aware of the decision.
3. Subject of appeal and grounds.

Supporting documents shall be attached with the appeal.

Article (212)

The Legal Affairs Department of the CMA shall receive the appeals and record in the register prepared for this purpose on the same date and give the appellant a copy of the appeal with its registration number and date. The Department shall present the appeal to the Chairman of the appeals committee to take the procedures for presentation to the committee. The committee may request any explanations it sees fit from the concerned and the papers and documents.

Article (213)

The Committee shall decide in the appeal by decision for cause within thirty (30) days from the date of presentation or the date of explanations requested by the Committee as the case may be. The Committee's deliberations shall be confidential and shall issue its decision by majority. The Legal Affairs Department of the CMA shall serve notice containing a certified copy of the Committee's decision on the appellant.

Chapter IX

Administrative Penalties

Article (214)

Where it is established to the CMA that there is an error in the valuation of the contributions in kind by the expert, it may take any of the following actions:

1. Warning.
2. Deregister the valuer from the experts' roster with the CMA for 2 years.

3. Deregister the valuer from the experts' roster finally, in case of repetition of the same violation in two (2) years from the date of the previous offence.

Article (215)

The Executive President may, in the event of violation of the internal audit firm or law firm or audit firm of the provisions of this regulation, impose any of the following penalties:

1. Warning
2. Suspend the internal audit firm or law firm or audit firm from engaging with the companies for not more than one (1) year and instruct the board of directors to terminate the existing contract.
3. Deregister the internal audit firm or law firm or audit firm from the register.

Chapter X **Magistrate Powers**

Article (216)

The CMA may conduct inspection of the company and its subsidiaries as it sees fit and may seek the assistance of the competent entities in the seizure and documentation of evidence, impounding and arresting the offenders.

Article (217)

The CMA's employees who are empowered as magistrate officers shall carry their identification cards and shall identify themselves when the work nature so requires.

Article (218)

The CMA may seek the assistance of experts and auditors to perform specific tasks through direct contracting with such specialized firms, academic institutions and consultants on the expense of the company.

The CMA shall, before the above mentioned entities commence the tasks assigned to them, obtain a statement of no interest related to them or their spouses or relatives up to the fourth degree in the tasks assigned to them.

Article (219)

The information and statements the experts and auditors obtain shall be the property of the CMA, and they are prohibited from using or disclosing even after the end of the contractual relationship.

Article (220)

The CMA's employees who are empowered as magistrate officers shall have all the magistrate powers and they may:

1. Enter, without prior notice, any site of the company or the sites related to the offence.
2. Access all the documents of the company and obtain copies, log into the systems of the company and seize files and other sources of information such as computers, saving media etc.
3. Summon whoever they see, to hear their statements and to attend at a specific place and time. If they fail to attend without an acceptable excuse, they shall inform the public prosecution to take the required action.
4. Record the statements of the attendee.
5. Conduct the required investigation to detect the offences and request identification of those responsible for the offences.
6. Collect the evidence on the offences and arrest the offender and refer to the public prosecution.

Article (221)

The employee, who acts as a magistrate officer, shall record the incident showing the date, time and place of the record and the data available on the incident and information and procedures taken, statements of the offenders and witnesses and their signature, and shall record and attach all the documents and close the record and sign it.

Article (222)

Where the employee see, while performing the duty as a magistrate officer, there is a need to search a home or a person to obtain evidence, they shall obtain a search warrant from the competent public prosecution and the search shall be limited to the documents or things for which the search warrant is issued.

Article (223)

The employee shall support the observations by various evidence such as audio and video media.

Article (224)

The employee shall be required to exercise professional due diligence as per the international professional standards of auditing and accounting including disclosing the facts they know while performing their duties during the search if the disclosure is necessary or any deficit or distortion therein or any other incidents that might infringe the shareholders' rights.

Chapter XI Reconciliation

Article (225)

Reconciliation in the offences provided for in the Law or this regulation shall be as specified in Appendix (1) attached with this Regulation.

Article (226)

Where the offender attains any financial benefits from the offence, it shall be refunded to the person who incurred the damage, and where no specific person incurred damage, it shall devolve to the public treasury.

If the offence is related to discharging the legal requirement during the term specified in this regulation, the reconciliation amount shall be increased for each day of delay in discharging the legal requirement at fifteen percent (15%) of the reconciliation amount, for fifteen (15) days maximum.

Article (227)

The offender shall pay the reconciliation amount to the CMA within ten (10) days from the date of notice. The CMA may take legal action against the offender in case of failure to pay the amount during the said term.

Chapter XII Fees

Article (228)

The CMA shall charge the fees specified in Appendix (2) attached with this regulation.

Article (229)

The Executive President shall, in case of failure to pay the fees to the CMA on the specified time, impose a delay penalty at 10% of the fee amount for each month of delay calculated from the month following the month in which the fee is due and payable for a maximum of six (6) months.

Where the company fail to pay the fees and the delay penalty during the said term in the previous paragraph, all the services rendered by the CMA shall be suspended after serving notice of payment, within fourteen (14) days maximum from the date of notice.

In all cases, the suspension shall not be lifted except after payment of the fees and delay penalties and the same shall not entail any liability on the CMA.

Appendix (1)
Reconciliation Table

S	Offence	Reconciliation Amount
1.	Failure to keep the documents related to the operations for the statutory term	From RO 500 to 5,000
2.	Failure to publish all the statements and information during the statutory periods	From RO 500 to 5,000
3.	Shortage in the contents of the statements and information required to be published	From RO 200 to 500
4.	Failure to publish via the prescribed means of dissemination	From RO 500 to 2,000
5.	Failure to include in the prospectus all the material statements and information related to the issuer	From RO 1,000 to 6,000
6.	Prospectus containing misrepresentation or false information	From RO 2,000 to 6,000
7.	Issuance of securities or receiving funds in violation of the law, regulation and directives	From RO 20,000 to 100,000
8.	Publishing or accessing the public with the prospectus before obtaining the CMA's approval	RO 1,000
9.	Failure to file the amendment of the prospectus with the CMA or making without its consent	From RO 500 to 6,000
10.	Failure to publish the amendment of the prospectus	From RO 500 to 2,000
11.	Delay or failure to provide the CMA the soft protected copy of the approved prospectus within two (2) working days from the date of approval	From RO 500 to 2,000
12.	Failure to publish the advertisement on the offering after approval of the prospectus during the specified term and by specified method	RO 2,000
13.	Issue manager failing to execute any of their duties	From RO 1,000 to 6,000
14.	Failure of collecting entities to execute any of their duties	From RO 1,000 to 5,000
15.	Failure to list the shares on the MSM during the specified term	RO 5,000
16.	Failure of the listed company under conversion to finalize registration procedures during the specified term	RO 500
17.	Failure to provide the CMA the information or data or reports it requires during the specified term	From RO 500 to 6,000
18.	Breaching the International Accounting Standards in preparing the financial statements	From RO 3,000 to 6,000
19.	Breaching the International Auditing Standards in auditing the financial statements	From RO 3,000 to 6,000

20.	Failure to conduct internal audit in accordance with IPPF	From RO 3,000 to 6,000
21.	Failure to file the minutes of the general meeting with the CMA	RO 500
22.	Failure to comply with the requirements of appointing the internal auditor or legal advisor or auditor	From RO 2,000 to 5,000
23.	Internal auditor or legal advisor or auditor failing to perform their duties	From RO 2,000 to 6,000
24.	Auditor providing technical, administrative or consultancy services to the company or subsidiaries in breach of this regulation	From RO 3,000 to 6,000

Appendix (2)
Fees

S	Service or Procedure	Fee (RO)
1.	Filing the prospectus	Five in ten thousand of the total value of the issued securities (inclusive of share value minus issue expenses), and founders contribution, provided the amount shall not be less than RO 5,000 and not more than RO 50,000
2.	Filing the minutes of the general meeting and amendment of the articles of association	10 for each certified copy
3.	Obtaining a copy of the documents or registers and minutes deposited with the CMA	10 for each true copy
4.	Submitting application for accreditation of internal auditor or legal advisor or audit firm	300
5.	Accreditation or renewal of accreditation of internal audit firm or audit firm	3,000
6.	Accreditation or renewal of accreditation of law firm	2,000