

CIRCULAR NO. 11 DATED 15 OCTOBER 2020

RULES AND REGULATIONS REGARDING THE SHARE CAPITAL OF THE COMPANIES

established within Dubai World Trade Centre Authority Free Zone

This circular relates to the Dubai World Trade Centre Authority ("DWTCA") Free Zone Rules and Company Regulations dated 1 October 2015 issued pursuant to Law No. 9 of 2015.

With effect from the date of this circular and pursuant to Rule 4.6 of the DWTCA Free Zone Rules and Regulation 134 of the DWTCA Company Regulations, it is decided that the following will apply:

ARTICLE (15.3) OF THE RULES AND REGULATIONS DATED 1 OCTOBER 2015, SHALL BE REPLACED WITH THE FOLLOWING ARTICLES:

15.3. An FZE or FZCO shall not, except as provided under Article 15.3.1, allot shares as paid up (in full or partly, and includes an amount paid or credited) other than for cash consideration.

15.3.1. As per DWTCA's sole discretionary consent in writing (upon receipt of a relevant written submission in accordance with the terms of this circular No. 11) an FZE or FZCO may allot shares for consideration other than cash by a Special Resolution, (meaning a resolution passed at a General Meeting by at least 75% of the votes of shareholders with voting rights, in person; or where proxies are allowed, by proxy).

15.3.2. For the purposes of regulation 15.3.1:

(i) the board of directors of the FZE or FZCO shall:

a) determine the reasonable cash value of the consideration for the relevant shares, taking into account 15.3.1 (ii) below;

b) resolve that, in its opinion, the consideration for the shares is fair and reasonable to the company and to all existing shareholders;

c) resolve that, in its opinion, the cash value of the consideration to be provided for the shares is not less than the value to be credited for the issue of the shares; and

d) submit a copy of the relevant resolutions to the DWTCA registrar along with the allotment notice. The resolutions shall describe the consideration in sufficient detail and the cash value of that consideration, and the basis of their valuation.

(ii) the value of the consideration other than cash must be confirmed by an auditor. The auditor must be appointed from the list of approved auditors maintained by the DWTCA registrar or by an auditor approved in writing by DWTCA. An FZE or FZCO may not appoint an auditor who:

a) has, or may reasonably be perceived to have, a conflict of interest; or

b) is not, or may reasonably be perceived not to be, independent from the affairs of the FZE or FZCO.

15.3.3. The allotment of shares must be done within three (3) months from the date of the confirmation by the auditor. The amount of shares issued must be equal to the value of the consideration other than cash as determined under 15.3.2(i)(a).

15.3.4. The resolution for issuance of shares for consideration other than cash, as well as the confirmation by the auditor, must be filled with the DWTC registrar within four (4) days of it being passed. The issuance of shares for consideration other than cash of an FZE and FZCO will come into effect once the DWTC registrar reflects the same in the companies registrar (in its sole discretion).

Terms defined in the DWTC Free Zone Rules & Company Regulations shall have the same meaning in this circular.

Rule 19 of Dubai World Trade Centre Authority Rules and Regulations shall apply to this circular as if set out in full herein.

For further clarification, please contact the Dubai World Trade Centre Authority Free Zone Department at: info@dwtauthority.com

For and on behalf of the Authority

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