



AMENDMENTS No. 1 AIFC MARKET RULES

Approval Date: 4 July 2018

Commencement Date: 11 July 2018



In this Appendix, a blue font and underlining indicates new text and strikethrough indicates deleted text, unless otherwise indicated.

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1. OFFER OF SECURITIES

1.1. Offer of Securities

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1.1.2 Conditions for the offer of Securities by way of placement

- (1) An ~~Authorised Firm~~ Issuer may not offer Securities by way of placement in or from the AIFC, and an Authorised Firm may not conduct, facilitate or participate in such an offer, unless
 - (a) there is a Prospectus in relation to the relevant Securities that satisfies the requirements of this Part and has been approved by the AFSA; or
 - (b) the offer satisfies one and one only of the conditions mentioned in subsection (2) below, or
 - (c) the offer satisfies one or more of conditions (a), (b) and (m) in subsection (2) below.
- (2) The conditions mentioned in subsection (1)(b) above are that –
 - (a) the offer is made to or directed at only Accredited Investors; or
 - (b) the offer is directed at fewer than 50 Retail Investors in any 12 month period; or
 - (c) the offer is directed at investors who acquire Securities for a total consideration of at least \$100,000 (or an equivalent amount in another currency) per Person for each separate offer; or
 - (d) the Securities being offered are denominated in amounts of at least \$100,000 per unit (or an equivalent amount in another currency); or
 - (e) the total aggregate consideration for the Securities offered is less than \$100,000, or an equivalent amount in another currency, calculated over a period of 12 months; or
 - (f) the Securities offered are Shares which are issued in substitution for Shares of the same class as already issued, where the issue of the new Shares does not involve any increase in the issued Share capital; or
 - (g) the Securities offered are convertibles issued under a Prospectus to existing members or creditors of the Issuer or a member of its Group and there is no additional consideration to be paid; or
 - (h) the Securities offered are offered in connection with a Takeover and an informational document is made available which is considered by the AFSA as being equivalent to that of a Prospectus; or



- (i) the Securities offered are offered, allotted or to be allotted in connection with a merger if an informational document is available which is regarded by the AFSA as being equivalent to that of a Prospectus; or
 - (j) the Securities offered are offered, allotted or to be allotted in connection with a rights issue where:
 - (i) the Securities are of a class subject to Reporting Entity disclosure; and
 - (ii) a document is made available containing information on the number and nature of the Securities including rights attaching to those Securities and the reasons for and details of the offer; or
 - (k) the Securities offered are Shares which are offered, allotted or to be allotted to existing Shareholders free of charge or dividends paid out in the form of Shares of the same class as the Shares in respect of which the dividends are paid, and a document is made available containing information on the number and nature of the Shares and the reasons for and details of the offer; or
 - (l) the Securities offered are offered, allotted or to be allotted to an existing or former Director or Employee, or any close relative of such a Director or Employee, of the Issuer or a member of the same Group as the Issuer and:
 - (i) the Issuer or the member of the Group already has its Securities admitted to trading on a Regulated Exchange; and
 - (ii) a document is made available to the offerees containing information on the number and nature of the Securities and the reasons for and details of the Offer; or
 - (m) the offer is made to and directed at Retail Investors, provided that the total aggregate consideration for the offer of Securities made under this subsection to Retail Investors is not more than \$5 million, or an equivalent amount in another currency, calculated over a period of 12 months.
- (3) The following requirements apply to any offer of Securities to Retail Investors by way of placement conducted under subsections (2)(a) through (2)(m) of MAR 1.1.2:
- (a) the issuer shall make available to each Investor at a reasonable time prior to the purchase of securities the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information which the issuer possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information furnished under this section;
 - (b) the issuer shall take reasonable steps to verify the status of the Investors;
 - (c) the issuer shall, if Retail Investors are participating in the offering, give any Retail Investor disclosure documents that contain the necessary information which is material to an investor for making an informed investment decision; and
 - (d) the issuer shall file a notice with the AFSA within 30 days after the sale of securities in the offering.



- (4) Where any Securities are offered by way of placement under sub-sections (2)(a) through (2)(m) of MAR 1.1.2, neither the issuer nor any person acting on its behalf shall offer or sell the Securities by any form of general solicitation or general advertising, including, but not limited to, the following:
- (a) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio, and
 - (b) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.
- (5) For the purposes of (4), the advertisement made on the issuer's or Authorised Firm's website is not considered as general solicitation or general advertising.
- (6) For the purposes of MAR 1.1.2.:
- (a) "Accredited Investor" means –
 - (i) any natural person who acquires or intends to acquire Securities for a total consideration of at least \$100,000 (or an equivalent amount in another currency) per Person for each separate offer; or
 - (ii) an Authorised Person; or
 - (iii) a Body Corporate.
 - (b) "Retail Investor" means any natural person that is not an Accredited Investor, provided that the aggregate amount in current value of Shares which are the subject of the offer that were sold by the offeror to each Retail Investor, during the 12-month period preceding the date of any offer made under this rule, does not exceed the greater of \$2,000 or 10 percent of the annual income or 5 percent of net worth of such Retail Investor (excluding the value of the primary residence), whichever is lesser, but not to exceed a maximum aggregate amount sold of \$100,000.

Guidance

To verify the status of the investors Issuers could rely on Retail Investors' self-certification (for example, questionnaires where investors self-report their income and net worth).