



Capital Market Authority

Sultanate of Oman

"THE CAPITAL MARKET LAW "

ROYAL DECREE NO. 80/98

ESTABLISHING THE CAPITAL MARKET LAW

We, **QABOOS BIN SAID**, Sultan of Oman, after perusal of
Royal Decree No. 101/96 issuing the Basic Law of the State; and
The Commercial Companies Law No. 4/74 as amended; and
Royal Decree No. 53/88 issuing the Muscat Securities Market Law as amended; and
Royal Decree No. 116/91 issuing the Law of Public Authorities and Institutions; and
Royal Decree No. 102/94 issuing the Foreign Capital Investment Law as amended; and
Royal Decree No.47/97 issuing the Civil and Commercial Disputes Arbitration Law; and
In the interest of the Public,

Have decreed the following:

Article 1

The attached Law shall be applied in matters concerning the regulation of the Capital Market.

Article 2

The Minister of Commerce & Industry shall issue the rules and regulations required to enforce the attached Law. Until such rules and regulations are issued, the present rules and regulations shall remain applicable provided that they do not contradict the provisions of this Law.

Article 3

Law No.53/88 referred to above, as well as any other law which contradicts or infringes the provisions contained herein, shall be cancelled.

Article 4

The financial appropriations, members of staff and records of the Muscat Securities Market shall be transferred to the Capital Markets Authority. A decision to this effect shall be made by the Minister of Commerce & Industry in cooperation with the Ministry of Finance.

Article 5

This Royal Decree shall be published in the Official Gazette and shall come into force two months after the date of publication. *

**Qaboos bin Said
Sultan of Oman**

Issued on 20 Rajab 1419 AH
Corresponding to : 9 November 1998 AD

* [Note: This Decree was published in the 15 November 1998 issue of the Official Gazette and therefore has an effective date of 15 January 1999.]

Part One
(General Definitions and Issue of Securities)

General Definitions

Article 1

Words and expressions defined in this Law shall have the following meanings, unless the context otherwise requires:

The Minister The Minister of Commerce and Industry

The Chairman The Chairman of the Authority's Board of Directors

The Executive President The Executive President of the Authority

The Authority The Capital Market Authority.

The Market Muscat Securities Market

The General Meeting The General Meeting of Muscat Securities Market

Person Any natural or juristic person

Member A juristic person who is a member of the Market pursuant to the provisions of this Law.

Broker A juristic person who is licensed to exercise brokerage activities in the Market.

Broker's Agent A person who represents a Broker in giving, selling and purchasing orders under the supervision and responsibility of that Broker.

Securities Shares and bonds issued by joint stock companies and the bonds issued by the Government and its Public Authorities, treasury bonds and bills and other securities negotiable in the Market.

Dealings in Securities Transactions of purchasing and selling Securities directly or through a Broker, the transfer of ownership of such Securities and the documentation of ownership.

The Floor The place in the building of the Market which is designated for the purchasing and selling of Securities.

The Primary Market The Market in which Securities are offered to the public and issued pursuant to the applicable rules, regulations, guidelines and common practices.

The Secondary Market The Market in which Securities are purchased or sold directly or through Brokers and where the exchange and transfer of their ownership takes place on the Floor, in the Brokers' office or the Market's offices.

The Regular Market That section of the Secondary Market where dealings on the Floor is regulated in respect of companies' shares subject to special listing condition as specified by Board of The Authority.

The Parallel Market That section of the Secondary Market where dealing on the Floor is regulated in respect of companies' subject to simplified listing requirement specified for such Market, in order to

facilitate the provision of early liquidity for the Securities listed therein prior to their listing in the Regular Market.

The Third Market That section of the Secondary market where off-Floor dealings takes place at the Broker's office in respect of the companies' shares to which the specific listing condition for trading on the Floor do not apply, or where ownership of Securities is transferred off-Floor without a Broker.

Public Subscription An open invitation to the public to subscribe for the shares of joint stock companies at their incorporation or upon the increase the share capital of an existing company in accordance with the conditions and provisions specified in the prospectus of such company as ratified by the Authority.

Private Subscription An invitation addressed to a specific category of subscribers or persons to subscribe for the shares of an open joint stock at its incorporation or upon the increase of the company's share capital pursuant to the conditions and requirement specified by the Authority.

Part Two

Issue of Securities

Article 2

Without prejudice to the provisions of the Commercial Companies Law No. 4/74 referred to above, which require joint stock companies to obtain a licence for their establishment from the Directorate General of Commerce, every joint stock company that wishes to issue Securities must obtain the approval of the Authority, prior to obtaining the licence referred to above. This shall take place without prejudice to any other provision of applicable laws. The Regulations shall specify the information and documents to be attached to the application for such approval.

Article 3*

No Securities of any joint stock company may be offered for public or private subscription except in accordance with a prospectus approved by the Authority. The summary of such prospectus shall be published in two daily newspapers one of which, at least, must be in Arabic. The prospectus must be made in accordance with the forms specified by the Authority. The prospectus must include all financial statements and information relating to the issuing company. The Regulations shall specify the information required for the issue of other shares and Securities. Any omission or avoidance of any material information or the inclusion of incorrect statements or information shall be the responsibility of the entity preparing the prospectus.

*Amended by Royal Decree 18/2002

Article 4

Without prejudice to the provisions of the Commercial Companies Law, the Authority may object to the assessment of shares in kind, either upon incorporation, merger or transformation. The Authority may refer such matter to one or more experts for an assessment. The parties concerned may file a complaint against the assessment before the Grievance Committee pursuant to the conditions and procedures specified by the Regulations.

Article 5

Each company offering Securities for Public Subscription must, on its own responsibility, submit to the Authority annual, half year and quarterly reports on its activities and the results of its business, which shall include statements with regard to the sound financial position of the company. The company shall publish a comprehensive summary of these reports in two daily newspapers, one of which, at least, must be in Arabic.

Balance sheets and other financial statements shall be prepared in accordance with recognized accounting principles and the Accounting and Auditing Law issued by Royal Decree 77/86. Reports shall be submitted to the Authority within the period to be specified for this purpose.

The Authority may inspect the documents referred to above, or assign a specialized body to carry out such inspection. The Authority shall notify the company of its comments, and may request that such documents are reconsidered following the conclusion of such inspection. Should the company fail to respond to such requests, then it shall be responsible for the costs for the publication of the Authority's comments and the requested amendments.

Every company which faces unexpected material circumstances that may affect its activities or its financial position must reveal the same promptly to the Authority, who may publish, at the expense of the company, a comprehensive summary of the same if deemed appropriate. The Authority may request the said company to publish such information in daily newspapers. Should the company fail to respond to such request, then the Authority may announce such information in the appropriate media at the expense of the company.

Article 6

The company and the auditors must provide the Authority with all information requested, including all statements and documents needed in order to verify statements provided in the prospectus, the regular reports and the financial statements and schedules of the company. In the event of any change or amendment to the information specified in the prospectus, such changes must be notified to the Authority within the period specified in this respect. The execution of such amendment shall be subject to the Authority's approval.

Article 7*

(a) Any persons who owns individually or together with his minor children shares amounting to 10% or more of the shares of any joint stock company, must promptly notify the Authority of the same in writing and shall inform the Authority of any dealings or transactions carried out which lead to the increase of such percentage.

(b) No single person or related persons up to second of kin shall hold 25% or more of the shares of a joint stock company whose shares are offered for public subscription, save by a prior approval of the Executive President or an acting person thereof. Where a violation occurs the transaction shall be deemed null and void. The Board of Directors of the Authority shall specify the terms and condition of such holding.

(c) Should the subject matter of domination or ownership be a bank or establishment which exercises banking business, then the prior consent of the Central Bank of Oman must be obtained in accordance with the provisions of the Banking Law.

*Amended by Royal Decree 18/2002

Article 8

The Authority's Board of Directors may, upon material reasons raised by shareholders who own at least 5% of the company's shares, suspend the resolutions of the General Meetings which are made in favour of a certain category of shareholders or against a certain category of shareholders, or in the interest of the members of the Board of Directors or others.

The parties concerned may request the Appeals Committee specified in this Law within 15 days from the date on which the resolution of suspension was passed, to invalidate the resolutions made by the General Assembly. The Committee's decision shall in such case be final. Should such period lapse without any measures being taken thereon, then the decision of suspension shall be null and void.

Part Two

Muscat Securities Market

Settlement of Transactions and Publication of Information

Chapter - 1 (Muscat Securities Market)

Article 9

Securities shall be registered and traded in a market called the Muscat Securities Market. The Market shall enjoy juristic personality and its head office shall be in Muscat. The Market shall report to the Authority.

Article 10*

Any body issuing securities for trading shall be listed on the market; the application for listing thereon shall be submitted within one month from the date of registration in the Commercial Register. The listing shall be made by a decision by the Director General of the Market in accordance with rules set by the Board of Directors of the Authority.

Trading in the market shall be restricted to Omani Securities. Securities issued in GCC member states or fore foreign countries may be listed by decision from the Broad of Directors of the Authority.

*Amended by Royal Decree 18/2002

Article 11

The Market shall be managed and organized by a Board of Directors, which shall be authorized to administer its business and take the necessary action to achieve the objectives for which the Market was established within the framework of the general policy of the Authority. The Board of Directors shall, in particular, undertake the following:

1. Approve the Market's organizational structure and specify the departments and sections etc.
2. Prepare the regulations, rules and guidelines required for the organization of the Market and refer the same to the Authority's Board of Directors for approval.
3. Prepare the estimated annual balance sheet in respect of the Market's revenue and expenditure prior to the commencement of the financial year. Such balance sheet shall not be valid unless it is approved by the Authority's Board of Directors.
4. Exercise any other competencies specified by Regulations

Article 12*

The Board of Directors of the Market shall be formed as follows:

- 2 Director General of the Market **Member**
- 3 Representative of the Authority **Member**
- 4 Representative of the Central Bank of Oman Member
- 5 Four members to be elected by the general meeting of the Market, one representing brokerage firms, another representing shareholders each one of them owns less than 5 thousand shares and two representing companies whose securities are traded on the Market.

The Board of Directors of the Authority shall issue a resolution forming the Board of Directors of the Market for a term of three years. The membership of the Directors may be renewed for other terms, except for those specified in clause 4 whose terms shall be renewed once.

The Board of Directors of the Authority shall issue a resolution appointing the Director General of the Market and the Chairman from among the members specified above, no single person shall hold the two offices.

The Board of Directors of the Authority shall issue internal regulations specifying the functions and competence of the Director General of the Market and the Chairman of the Board of Directors, procedures for the convention of the Market's board, place of meeting and quorum, the method of resolution making, remuneration of board members and other regulatory measures.

*Amended by Royal Decree 18/2002

Article 13*

The General Assembly of the Market shall comprise the public bodies and joint stock companies whose securities are traded at the Market, licensed companies operating in the field of securities and the Central Bank of Oman. The General Assembly is authorized to monitor the general situation of the Market, to make suggestions to ensure the efficiency of the Market, to elect the members of the board directors specified in paragraph (4) above and to appoint the auditors of the Market. The Internal Regulations shall specify the procedures relating to how the General Assembly is called to convene, the date of the meeting, the quorum and validity of the meeting and discussions, as well as the manner of passing of resolutions. The Regulations shall be issued by a resolution passed by the Authority's Board of Directors.

*Amended by Royal Decree 18/2002

Article 14

The revenues of the Market shall be made up as follows:

1. Funds allotted by the State.

2. Annual subscription fee paid by the members.
3. Commissions received by the Market for sale and purchase transactions.
4. Grants and donations obtained by the Market from any party and approved by the Authority's Board of Directors provided that they are of Omani origin.
5. Any other sources specified by the Law.

Article 15

Dealing in Securities in Oman is confined to dealing on the Floor. Any dealing taking place outside the Floor is considered null and void unless the Authority's Board of Directors resolves otherwise pursuant to its Internal Regulations and Guidelines.

Article 16

The Market shall provide the Authority with all particulars of listed securities and shall provide the Authority with regular trading reports.

Article 17*

Dealing in Securities listed in the Market shall take place through one of the licensed companies, otherwise such dealings shall be null and void. The relevant company shall ensure that the transaction through which the dealing takes place is valid.

The shares purchased by a brokers for a customer and the values of which has not been settled, may be suspended from trading on request from the broker pursuant to the rules issued by the Board of Directors in the Authority.

*Amended by Royal Decree 18/2002

Article 18

Offers of and demands for transactions which contradict the provisions of the Law or which are made of unjustifiable prices may, upon a decision by the Director General of the Market, be suspended. The Director General is also empowered to cancel any transactions which contradict the provisions of the Law and the decisions enforcing the same.

Article 19

The Board of Directors may, as long as it is deemed appropriate and depending on the Market's circumstances, specify a percentage of the opening price for that day to be applied as a maximum limit for the increase or decrease in the securities prices during a certain daily trading session. Such percentage shall depend on the duration which the Authority's Board of Directors shall consider necessary. The Authority's Board of Directors may amend, suspend or cancel such percentage as it deems appropriate piate.

Article 20

The Market shall charge a commission for transactions at the Market and the transfer of ownership of securities which are exempted from trading on the Floor. Such commission shall be calculated in proportion to the market value of such securities to be specified by the Board of Directors, provided that commission shall not exceed 1% of such value. The commission shall be collected equally from the seller and the purchaser pursuant to the rules specified by the Authority's Board of Directors and in accordance with the guidelines issued by the Board.

Chapter - 2

Settlement of Transactions and Publication of Information

Article 21

The management of the Market shall enter the transactions on the date on which the brokerage companies have performed the same, and the issuing party shall be notified of such entries. The Regulations of the Law shall specify the provisions relating to the organisation and registration of deposit, clearance and settlement operations.

Article 22

Rights and personal liabilities between the seller and purchaser shall be established in respect of the Securities which are traded in the Market, on the date of the contract of sale as documented at the Market.

The ownership of shares shall be transferred by recording the same in the issuing body's registers and entering them in the shareholders register and indicating that they have been transferred. Registration of transfer shall take place free of charge within three days from the date of receipt of necessary documents thereof. The issuing entity may not collect any amounts for the issue of share certificates. The registration of ownership of shares shall take place unconditionally except in the following cases:

1. If the securities were mortgaged or pledged.
2. If the share certificate was lost or damaged.
3. If the sale was in contravention of rules and regulations relating to ownership of Securities by non-Omanis.

The issuing entries or any of their staff may not disclose the names or any statements of confidential nature relating to shareholders or transactions.

Article 23

The Authority may establish an office for the deposit and registration of Securities to carry out the tasks specified in the article above, in addition to any other responsibilities granted to it for the management of the shareholders' business and accounts. The Regulations shall specify the manner in which such office is to be established, its duties and the deposit and registration fees. A company for the deposit and registration of securities may be established in accordance with a Royal Decree. Such company may carry out the tasks of the office referred to above in accordance with the stipulations and provisions of such Royal Decree.

Article 24

Information on dealings shall be published on a daily basis through a daily bulletin prepared by the Market. The Market shall also prepare a monthly bulletin to include a statement on Securities which have been registered during that month, the total of monthly dealings in various areas and a comparison with the previous month. The monthly circular shall also set out all indicators relating to trading activities in the Market.

Part Three

Companies operating in the area Securities and Investment Funds

Chapter one

Companies operating in the are of Securities

Article 25*

Companies operating in the field of Securities are those companies whose objectives are confined to the engagement of one or more of the following activities as well as the banks which are engaged in such activities:

- (a) Promotion and underwriting of Securities or financing of investment in Securities.
- (b) Participation in the establishment or in increasing of the capital of companies was using Securities.
- (c) Depositing, clearance and settlement of Securities transactions.
- (d) The establishment and management of Securities portfolio and investment funds.
- (e) Brokerage in Securities.
- (f) Management of trust accounts and custodianship of securities.

Other activities relating to Securities may be added by resolution by Authority's Board. Applications to establish such companies shall be addressed to the Ministry of Commerce and Industry accompanied by the Authority's approval.

The Regulations shall set out the procedures and conditions for the establishment of these companies, the activities included in their business and prohibited activities.

Article 26

Activities set out in the previous article may not be exercised prior to obtaining a licence from the Authority and registration in the register established for this purpose. The Authority shall make its decision in relation to an application for a licence within one month from the date of submission of the required documents. In the event of a refusal the decision must be justified. A complaint may be made to the Appeals Committee referred to in this Law within 15 days from the date of receipt of the decision. The Regulations shall specify the conditions and procedures for the granting of such licence and the relevant bank guarantee.

Article 27*

The following condition must be prior to the issue of the licence referred to in the pervious article:

1. The applicant must be a commercial company (with the exception of joint liability companies).
2. The objective of the company with the exception of banks must be confined to the practice of one or more of the activities set out in Article (25) of this Law.
3. The issued capital of the company and the paid up capital upon incorporation must be not be less than the minimum amount specified in the Regulations depending on the type and objectives of the Company.
4. The managers of the company must have the experience and efficiency required for business of the company in the manner to be specified by a resolution made by the Board of Authority.
5. Insurance must be obtained the value and general conditions of which shall be specified by a decision made by the Board of Authority.
6. None of the founders, directors, or Board members must have been convicted during the five years proceeding the date of application of a crime or a felony relating to honour or any of the offences set out in the Commercial Companies Law or the Commercial Code or been declared bankrupt unless the person concerned has been rehabilitated.

Article 28

The Authority shall register the licenced companies to practice in the area of Securities with the activities to be practiced. Such registration shall be subject to payment of a fee and an annual subscription to be specified in the Regulations.

Article 29

A company which practises in the area of Securities shall submit the information, statements and statistics required by the Market or the Authority within a specified period. The management of the Authority may authorize a party to verify the accuracy of the information and statements presented. No company may decide to suspend its activities or liquidate its operations without the approval of the Board of Directors of the Authority after ensuring that the company has fulfilled all its obligations pursuant to the conditions and procedures specified by the Authority's Board of Directors.

Article 30

The Board of Directors of the Authority shall resolve to cancel the licence referred to in Article26 above, in the following cases:-

- (a) If one of the licencing conditions is not met.

- (b) If a final decision is made by the Disciplinary Committee to de-register the company
- (c) If the company has failed to settle the specified fees
- (d) If the capital or the bank guarantee is decreased to a lower amount than the specified limit and that deficit is not covered within the period specified by the Board.
- (e) If the company has significantly violated any of the duties and obligation specified in the Law or the Regulations.

Article 31

The Board of Authority may, in the event of the occurrence of risk that may threaten the stability of the capital market or the interests of the Shareholders in the company or the parties dealing with the company, take any of the following measures:

- (a) Caution the company.
- (b) Prevent the company from practising all or some of the licensed activities.
- (c) Request the Chairman of the company's board of directors to convene a board meeting to discuss any violations attributed to the company so that necessary action is taken to remedy the same. The meeting of the board of directors shall be attended in this case by one or more representatives of the Authority.
- (d) Appoint an observer member to the board of directors of the relevant company for a period specified by the Authority's Board of Directors. Such member shall be entitled to take part in the discussions of the board and express his views in relation to the resolutions made.
- (e) Dissolve the board of directors and appoint managing director to temporarily manage the company until a new board of directors is elected.
- (f) Oblige the defaulting company to increase the value of the paid bank guarantee.

Complaints against the resolution made pursuant to the provisions of Article 30 and 31 before the Appeals Committee shall be made within 15 days from date on which the party concerned was notified of such resolution or such resolution has come to the knowledge of the party concerned.

Article 32*

Companies operating in the field of securities shall form an association or a guild to ensure the adherence to justice, integrity and efficiency in practising brokerage business. Such association or guild shall

establish a fund to protect the interests of investors who deal with Securities or stocks. The decision to establish the association or the guild must specify the provisions and procedures relating to the establishment of the association and the basis for the management of the fund, the limits of coverage, the value of shareholding of each member and the penalties which may be imposed on members pursuant to the provisions and procedures specified in the Regulations.

*Amended by Royal Decree 18/2002

Chapter - 2

Investment Funds and Trust Accounts

1. Funds in the form of a joint stock Company

Article 33

Funds for the investment of savings in Securities may be established within the limits and pursuant to the conditions set out in the Regulations. The investment fund must take the form of a joint stock company with a capital in cash. One third of the board of directors of the fund may be persons other than shareholders or parties dealing with it or being linked to it or having an interest in it or managing it.

Article 34

The Articles of Association of a fund shall specify the relation between the capital paid to the company which establishes such fund and the monies of investors in the fund, provided that such relation may not exceed what the Regulations specify in this respect. Against such monies, the fund shall issue securities in the form of investment units, the holders of which shall participate in the return of the investments of the fund. Subscription in such units shall take place through registered banks. The Board of Directors of the Authority shall set out the rules and regulations for the issue of such units and the return for their value, the statements to be included therein and the rules of their registration and trading in the Market.

Article 35

The prospectuses relating to subscription in investment units which are offered for public subscription by the investment funds must contain the following additional information:

1. The investment policy to be followed.
2. The manner of distribution of annual profits and the method of dealing with capital profits.
3. The name of the entity who will undertake the management of the fund and a comprehensive summary of its previous activities.
4. The method of regular evaluation of the fund's assets and the procedures for the return of the value of the investment bonds.

Article 36

The Securities in which the fund invests its monies shall be deposited with the Depository and Registration of Securities Office or any of the banks registered in Oman, provided that such bank must not be an owner or shareholder in the company which owns such fund or the company which undertakes its management and provided that the fund must submit to the Authority a statement on these Securities approved by the bank on the form designated by the Authority's Board of Directors.

Article 37

The Executive President must be notified of the resolutions made for the appointment of the members of the board of directors, managers and authorised officials responsible for the general management of the fund and all information relating thereto, within thirty days from the date of the passing of the said resolutions. Such notification shall be made on the form designated by the Authority for this purpose.

The Authority's Board of Directors may, for the purpose of protecting the investors' monies, issue a reasoned resolution to dismiss any of the members of the board of directors or the directors referred to above. The party concerned may within 60 days from the receipt of such resolution file a complaint before the Appeals Committee previously referred to in this Law.

Article 38

The fund shall authorise an entity with expertise in the management of investment funds to manage all activities of the fund. Such body shall be called the "Investment Manager".

Article 39

The Investment Fund shall enter into a management contract with the Investment Manager. The Fund shall submit a copy of that contract to the Authority prior to execution of the same in order to verify that the provisions of that contract are consistent with the Law and the decisions issued for its execution. The Authority shall within 15 days from the date of notification inform the Fund of its opinion with regard to the contract.

Article 40

The Investment Manager is prohibited to:

1. carry on activities which the Fund it manages is prohibited to carry on.
2. use the Fund's money for the formation of new companies or for the purchase of Securities of companies that are under liquidation or undergoing bankruptcy.
3. obtain personal gain for itself, its management or employees from the operation it carries on.
4. have an interest of any kind in the companies with whose Securities it deals for the account of the fund it manages.
5. Purchase investment units of the funds it manages. The same applies to the employees of the Investment Manger.
6. Obtain loans from a third party unless it is allowed to do so within the limits specified in the Contract.
7. To invest the money of the fund in the units of another fund which it also manages.

8. To announce or publish any incorrect statements or information.
9. To carry on operations aimed at increasing the brokerage commission

II. Investment Funds attached to Companies

Article 41

Commercial banks and investment companies whose capital is not less than RO. 5 million, may establish investment funds aiming to invest savings in Securities, upon the approval of the Authority and pursuant to the rules and conditions specified by the Regulations and in co-ordination with the Central Bank of Oman, if the establishing entity is a bank.

Such banks and investment companies may dispose of such accounts pursuant to specified guidelines issued by the Authority. The banks or entities that establishes such fund shall maintain the confidentiality of the information related thereto. The monies of Fund shall not be included in the actual accounts of the banks or the companies, which establish them. Revenue realised from them shall not be entered into the accounts of such entities and shall not be affected by liquidation in the event of bankruptcy.

The articles of Association of the Fund and the regulations issued by the Authority shall specify the relation, which governs the parties therein, provided that they shall include the following statements:

1. The investment policy to be followed.
2. The manner of distribution of annual profits and the method of dealing with capital profits.
3. The name of the body that will undertake the management of the Fund and a comprehensive summary of its previous activities.
4. The method of regular evaluation of the Fund's assets and the procedures for the return of the value of the investment units.

Article 42

The entity establishing the fund shall submit to the Authority a statement on the investment units which the fund has issued, on the form designated by the Authority for this purpose. Investment units issued by the Funds of banks or investment companies may not be listed or traded in the Securities Market.

Article 43

The Fund shall be managed by a committee of investors or others provided that the chairman of the committee must be an Omani and provided that the number of Omani members must not be less than the proportion of their shareholdings. The regulations issued by the Board of Directors of the Authority shall specify the procedures for the formation of the committee and the methods for its operation. The

Executive President shall be informed of resolutions made for the appointment of the Committee members, and the managers responsible for the public administration of the fund's activities.

The Board of Directors of the Authority may, in order to preserve the monies of the investors in the fund, issue a resolution to dismiss any of the members of the committee and the managers referred to above. The party concerned may file a complaint before the Appeals Committee within 30 days from the date of notification thereof. The resolution of the Committee in this respect shall be final.

III. General Provisions relating to Investment Funds and Trust Accounts

Article 44

Commercial banks and companies licensed to carry on investment business in Securities whose paid-up capital is not less than RO 5 Million and approved by the Authority, may open accounts in their names in favour of customers who wish to invest in Securities. These accounts shall be called "Trust Accounts". The banks and companies referred to above may dispose of the assets of such accounts pursuant to the guidelines released by the Authority and within the framework of the agreements which govern the operation of these accounts and have been concluded between the parties concerned. The banks, or any other entity in whose name such accounts are opened, shall maintain the confidentiality of information relating to them. The Regulations shall specify the relation between the capital of such licensed company and the Trust Accounts referred to above.

These accounts and their assets and liabilities shall not be included in the actual accounts of these banks or entities. The revenue realised shall neither be included in their profit accounts nor shall they be affected by liquidation in the event of bankruptcy. The relationship between the parties of these accounts shall be governed by the regulations and guidelines made by the Board in this respect. Should one of these parties be a licenced bank, then such relationship shall be determined in cooperation with the Central Bank of Oman.

Article 45

Non Omanis may invest their monies in these investment funds provided that their investment may not exceed 49% of the total investments of the Fund at any time. These Funds shall not be subject to the Foreign Capital Investment Law. As far as taxation is concerned, these Investment Funds shall be treated in the same manner as companies fully owned by Omani citizens.

Part Four

The Capital Market Authority

Chapter One

Establishment of the Authority

Article 46

A public authority shall be established and shall be named the Capital Market Authority. Its head office shall be located in Muscat and it shall report to the Minister of Commerce and Industry.

Article 47

The Authority shall enjoy juristic personality, financial and administrative independence and shall be qualified to dispose of its funds and manage its business and it shall carry on its activities in accordance with good commercial principles. The Authority shall be exempted from all taxes and fees.

Article 48

The Authority is empowered to:

1. organise, licence and monitor the issue and trading of Securities.
2. Supervise the operation of the Muscat Securities Market.
3. supervise all companies operating in the Field of Securities.

The Regulations shall set out the conditions and provisions relating to the enforcement of these powers.

Chapter - 2

The Objects of the Authority

Article 49

The objects of the Authority are as follows:

1. To upgrade the efficiency of the Capital Market and protect the investors from unjust and unsound practices.
2. To pave the way for the investment of savings and monies in Securities in the interest of the national economy.
3. To organise and monitor the issue of Securities in the Primary Market and specify the requirements for prospectuses upon the offer of Securities for public subscription.
4. To facilitate and accelerate the process of liquidating the monies invested in Securities ensure the interaction of supply and demand in order to determine the prices of such Securities and protect the interests of small investors by means of establishing sound and just principles of dealings between various categories of investors.
5. To collect information and statistics on Securities which are being traded and publish reports thereon.
6. To carry out studies and submit proposals to the authorities concerned with regard to the applicable laws and their amendment as required by the development of the Securities Market.
7. To liaise with securities markets abroad for the purpose of exchanging information and expertise to keep up with the progress in trading methods in such markets, assist in the development of Omani Securities Market and join appropriate Arab and international organisations and associations.
8. To organise and supervise training courses for the Authority's staff or the Securities Market's staff and including future staff.
9. To establish the rules of the professional conduct, self-regulation and discipline for Brokers and those dealing with Securities and promotion and training of the Brokers and other staff at the Market with the aim of enhancing their knowledge and efficiency.

Article 50*

The Authority shall be managed and organised by Board of Directors who shall run its business and take the measures necessary to achieve the objects for which the Authority was established and in particular the following:

1. Set out the policy which the Authority shall follow in the exercise of its authorities within the framework of the financial and economic policy of the State.

2. Pass to the government bodies concerned all matters relating to the development of Market and protection of the investor's monies.
3. Approve the regulations which regulate the activities of the Authority and the Securities Market, without being bound by government systems, whether in respect of the organisational structure, staff or administrative and financial matters, rules and regulations or the like. The regulations referred to above shall be made by Ministerial Decision.
4. Suspend the dealing in any Security listed at the Market for the period deemed appropriate and empower the Executive President to do so.
5. Suspend the activities of the Market, if necessary, for a period not exceeding one week, during which dealing in Securities in the Market shall be prohibited. Should the public interest however, require that the activities of the Market be suspended for longer than a week, then such suspension shall be made upon a resolution by the Cabinet of Minister's in accordance with recommendation of the Authority's Board of Directors.
6. Ratify the estimated annual budget of the Authority prior to the commencement of the fiscal year in coordination with the Ministry of Finance.
7. Specify the requirements relating to the prospectus for the issue of the Securities in the primary Market.
8. Specify the conditions for the listing of Securities in the Regular Market or Parallel Market or any other Secondary Market approved by the Board of Directors of the Authority for the trading of securities.
9. Ratify the guidelines for dealing in Securities in the Secondary Market.
10. Set out rules and conditions for disclosure of circumstances or information that may have an impact on the activities or financial positions of securities issuing bodies and companies operating in the area of securities and executive managements thereof, and any change deemed by the Board of Directors of the Authority to have and impact on the value of the security.
11. Set out the guidelines for the procedures of clearance and settlement between the Brokers in the Market on the one hand and between the Brokers, the Market and the public on the other hand.
12. License the Brokers and specify their number, the nature of their activities, the number of their agents and their fees.
13. Specify the commission charged by the Market for transactions and the transfer of ownership of Securities.
14. Specify the subscription fees for members of the Market, the prospectus fees and the annual fees for registration of Securities, brokerage fees and charges to be paid for the services provided by the Authority and the Market.

15. Take out loans specify their volumes and conditions relating thereto after obtaining approval from the Ministry of Finance.

16. Exercise any other powers specified by the Regulations.

*Amended by Royal Decree 18/2002

Article 51*

Any member who refrains from listing its securities in the prescribed Market for a period of one month, shall be liable to pay a sum of not less than RO 2,000/- and not more than RO 5,000/-. Should such member fail to register its Securities, the Board may issue a resolution to suspend dealings in its Securities.

*Amended by Royal Decree 18/2002

Article 52

The Board of Directors of the Authority shall be formed of:

1. The Minister **Chairman**
2. A representative of the Ministry of National Economy, whose grade should be not less than Under Secretary, to be nominated by the competent Minister **Vice-Chairman**
3. The Executive President of the Authority **Member**
4. The Director General of Muscat Securities Market **Member**
5. The Director General of Commerce at the Ministry of Commerce & Industry **Member**
6. A representative of the Central Bank of Oman, whose grade may not be below a Director General or equivalent, to be nominated by the Bank. Three members elected by the Minister from among a list of six names nominated by the Board of Directors of the Oman Chamber of Commerce & Industry, provided that commercial banks, insurance companies and public joint stock companies in other sectors shall be daily represented. The Vice-Chairman shall act for the Chairman in the Chairman's absence.

Article 53

The Executive President of the Authority shall be appointed by Royal Decree and shall be exclusively devoted to his work in this position. The Authority's Board of Directors may empower the Executive President with any of its authorities other than the preparation of guidelines in relation to dealings in Securities in the secondary market, the issue of regulations relating to the activities of the Authority and the Muscat Securities Market and the specification of fees and commissions. The internal regulations of the Authority shall specify his salary, remunerations, allowances and compensations and other rights and duties relating to him.

Article 54

The Executive President shall undertake the execution of the policy of the Board of Directors and the resolutions passed by it. He shall be responsible for the management of the Authority pursuant to the internal regulations and shall represent the Authority before the law and third parties.

Article 55

The Authority shall have an independent budget. The financial year shall commence on the first day of January and end on the thirty first day of December of every year provided that the first financial year shall commence with effect from the date of enforcement of this Law and end on the last day of December of the following year. The Authority shall have an independent account in which its surplus or revenue shall be deposited after setting aside all capital, current and other expenditure. Such deposit shall be called 'General Surplus' and shall be utilised to develop the business of the Authority pursuant to the rules established by the Board of Directors of the Authority.

Article 56

The revenue of the Authority shall be made up of the following:

1. Funds allotted by the State.
2. Fees for the approval of the Securities prospectuses.
3. Fees for the licensing of companies working in the field of Securities.
4. Fees for the listing of Securities.
5. Annual fees for the practicing of Brokerage business.
6. Fees for services provided by the Authority.
7. Financial penalties imposed for infringements of this Law.
8. Subscription fees for periodical issued by the Authority.
9. Grants and donations obtained by the Authority from any party and approved by the Authority's Board of Directors, provided that the donations are of Omani origin.
10. Revenue from investment of the Authority's money.
11. Loans obtained by the Authority.
12. The Muscat Security Market's annual budget surplus

Article 57

The funds of the Authority are public funds which enjoy the rights of the Public Treasury of Oman. They shall also enjoy privileges and priorities over the monies of the Authority's debtors. The Authority may recover such monies and rights pursuant to the procedures by which Government monies are collected and shall have priority over other debts and rights of third party. Notices of the Authority to various Government offices and to the Authority's debtors and their agents shall be treated as official Government notices. The claims, demands and executive and administrative procedures of the Authority shall be considered urgently by the Commercial Court, administrative departments and committees in the Sultanate. Judgments made in favor of the Authority shall also have the benefit of urgency in enforcement.

Article 58

The accounts of the Authority shall be audited by a licenced auditor to be appointed by the Board, who will also specify his remuneration after having obtained the approval of the State's financial control department.

Article 59

The staff of the Authority and the Market whose names or posts are to be specified by a Ministerial Decision shall have the capacity of officers of law to establish any infringements of the provisions of this Law and its Regulations. Accordingly, they are entitled to peruse the records, books and documents at the principal office of the company or the Capital Market or the place where these records are held. Officials in the above offices shall provide these officers with the data, statements, extracts and copies of the documents requested for this purpose.

Chapter – 4

Investigation

The Appeals Committee and the Disciplinary Committee

Article 60

- a. The Authority is empowered to carry out investigation as deemed necessary, upon the occurrence of an infringement of the provisions of the Law, the internal regulations or guidelines issued by the Authority. The Authority is entitled to request any person to submit a written statement with regard to the accompanying circumstances surrounding conditions relating to the infringement.
- b. The Executive President may form a committee consisting of senior staff of the Market or the Authority to carry out the necessary investigations to verify the infringement referred to the Authority. The Committee may invite any party to hear its statements on the subject matter. The Committee may also request that books, documents, correspondence, notices and other records are submitted for perusal as deemed necessary. Should any party fail to abide by notices addressed to it or refrain from providing the documents requested by the investigating committee, then enforcement shall take place with assistance of competent authorities in Oman.

Article 61*

The Board of Directors of the Authority shall issue a resolution forming an appeal committee comprising two senior judges at the Court of First Instance to be nominated by the Minister of Justice. The most senior one 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 is authorised to hear the complaints made by the parties concerned against resolutions made by the Minister or the Executive President or the Authority pursuant to the provisions of this Law, its Regulations and any decisions made to enforce the same.

The period for dealing with a complaint shall be 30 days from the date of its notification unless otherwise specified. The decision of the Committee in respect of the complaint shall be final. The Regulations made under this Law shall set out the procedures to be followed by and before the Committee, in addition to any other applicable procedures.

*Amended by Royal Decree 18/2002

Article 62*

The Court of First Instance (Competent Circuit) shall swiftly settle disputes between the parties dealing in securities.

*Amended by Royal Decree 18/2002

Article 63*

- A. The Board of Directors of the Authority shall form from among its members a Disciplinary Committee comprising of a chairman and two members to decide on any violation of the law and the regulations, decision, and guidelines thereof, which are imputed to companies dealing in securities, their agents, subsidiaries as well as companies whose securities are listed on the Market. The Disciplinary Committee may take any of the following disciplinary measures:
1. The issue of reminders.
 2. The issue of cautioning
 3. Financial penalties not exceeding R.O. 5000
 4. The suspension of dealings in the Market for a period not exceeding three months.
 5. Final De-listing.

Whatever the case may be, the Committee shall refund the return of the violation to the damaged party, if any, otherwise it shall accrue to the Authority.

The decisions of the Committee shall not be enforced unless they have become final after the lapse of the deadline for an appeal as provided for in clause (b) hereon, or the settlement of the appeal.

The Executive President may, upon a recommendation by the Disciplinary Committee, suspend brokers and agents from trading on the Market for a period not exceeding two weeks. He may also issue a reminder or issue cautioning in respect of minor violations and his decision shall be final.

- b. The decisions made by the Disciplinary Committee may be appealed against before the Appeals Committee within 30 days from the date of notification to the relevant party. The decision made by the Committee in respect of such appeal shall be final.
- c. The Regulations shall set out the provisions relating to the procedures to be followed by and before the Committee including the manner in which the committee shall exercise its authority and issue its decisions

Chapter - 5

Punishments

Article 64

Any person who is proved to have had dealings in the Market on the basis of undeclared or unrevealed information, and was, by virtue of his position, aware of such information, or had spread rumours on the positions of any company for the purpose of affecting the prices of its shares, shall be punished by imprisonment for a period of not less than 3 months and a penalty of not less than RO 10,000/- and not exceeding RO 50,000/- or either of them. These punishments shall also apply to the Chairman and members of the Board of Directors of any member company, its general manager, deputy general manager or any member of staff.

Article 65

Any person who knowingly submits incorrect statements, declarations or information aiming to affect investors' decisions in respect of whether or not to invest, shall be punished by imprisonment for a period of not less than one month and a penalty of not less than RO 10,000 and not exceeding RO 30,000, or both. The same punishment shall apply to the members of the Board of Directors, staff of the member company, the auditor and the authorised signatory of the intermediary company and the Underwriter.

Article 66

Without prejudice to any more severer punishment provided in any other law:

1. Any person who carries out any of the activities, provided for by this Law, without being to do so, or
2. Any person who offers securities for subscription or receives monies in respect of them or otherwise breaches the provisions of this Law,

Shall be punished by imprisonment for a period not exceeding three years and a penalty of not less than RO. 5000, or either of them.

Article 67*

1. a) Any person who carries out any act in respect of Securities aimed at or resulting in the misleading of other dealers or creating a series of false or unreal transactions, aimed at making other dealers believe that the traded Security enjoys an active market; or

b) any person who, individually or in collusion with other persons or a group of persons, carries out any dealings in Securities deliberately aimed at stabilising the value of a certain Security, in a manner which contradicts the applicable laws, regulations and guidelines. shall be punished by a period of not less than 3 months and a penalty of not less than RO3,000 and not exceeding RO 10,000 or any of them.

2. All the founders of a general joint stock company, the auditors and any entity who participated in the preparation of the prospectus for a public subscription shall be punished by imprisonment for a period not

exceeding two years and a penalty of not less than RO 10,000 and not exceeding RO 50,000 or any of them, if they were aware of the fact that the information set out in the prospectus was incorrect or if any material information was omitted from the prospectus or any false information was knowingly included in it.

3. A fine not less than R.O. 5000 and not exceeding R.O. 50000 shall be imposed on any one of the Directors of the Board or the Executive Management of the company, who breach the provisions of Article (10) or clause 10 of Article (50).

*Amended by Royal Decree 18/2002

Article 68

Any infringement of the provisions of this Law or its Regulations or the Guidelines made by the Board of the Authority which may cause a damage to any person shall make the infringing party responsible for such damage.

Article 69

In addition to the penalties specified for the above offences, the infringing party may be banned from practising his business or prohibited from practising the activity, being the subject matter of the offence, for a period not exceeding three years . If the same act is repeated then a judgement resulting in the same penalty is mandatory.

General Provisions

Article 70

Any party with a justified interest, may apply to the Authority to peruse the documents, records and minutes relating to a company and, for a fee specified by the Authority's Board of Directors, obtain information or photocopies thereof. The Authority may reject such an application if the declaration of such information or photocopies is likely to cause damage to the company concerned or affect the public interest or the investors interests.

Article 71

The Authority shall issue a monthly circular to the public with regard to the Authority's activities. The circular shall include in particular details with regard to applications received, the resolutions passed by the Board of Directors, the final decisions and reports on any dealings carried out by the members of the Board of Directors of a joint stock company or its executive staff.