

Regulations of the Second Market No (15) of year 2011

The Board of the Commission has approved the second market instructions NO. (15) of 2013 and according to the provisions of Section (12), article (11) of the securities interim law NO (74) of 2004 and to be implemented from the date 7/1/2011:

Second Market Regulation NO (15) of 2013:

1. Definitions:

- Commission: Iraq Securities Commission.
- Exchange: Iraq Stock Exchange.
- The Regular market : the market through which issued securities are traded according to the provisions of Laws and regulations No (6) amended at 2010 (Requirements of the companies listing at Iraq Stock Exchange).
- The Second Market: It is the part of the Regular Market through which trading takes place in securities that governed by the accompanied listing conditions and trading regulations.

2. The listing conditions at the Second Market

- a. The company should submit an application of listing at ISX signed by the board of director and the authorized manager of the company, certifying its acceptance with the listing conditions issued by the Commission.
- b. It should be Participant Company which passed at least one year on practicing its activity and issued one yearly financial statement auditing by an independent auditor.
- c. Its capital should be completely paid.
- d. The ownership rights should be not less than (50%) from the capital.
- e. Acquiring the approval of the company's board of director on listing at the second market.
- f. Submit a notice by the company of the legal observers absent make on securities transfer, and signed by the board of director's chief and the authorized manager of the company.

- g. The company should deposit its shares at the depository center and obligates to accept on the depository conditions.
- h. Paying the decided payments of the annual memberships and participations.

3. The trading regulations of the second market

- . The clients' orders of trading the securities listed at the second market and used by the brokerage companies should be in accordance with the market pattern.
- a. Closing price and opening price of any security have not been calculated.
- b. In each trading session, the shares price's average of each company has been calculated.
- c. The maximum and minimum of increasing and decreasing the shares' price during the session within (20%) from shares' price average of the previous session which mentioned in (c) above. The price should be valid during three effective trading sessions after the listing, and it will be free in the first trading session after capital increasing.
- d. The Second Market will be responsible on reports dissemination and statements transformation, as follows:
 - First: dissemination the trading statements in the daily bulletin which includes number of transactions, number and ratios of the trading shares, highest and lowest trading price of each securities and the price average.
 - Second: dissemination the trading statements in the monthly bulletin which includes the same statements of securities listing at the Organized Market.
 - Third: sending the trading statements to Iraq Securities Commission.
 - Fourth: sending the trading statements automatically to the depository center.
 - Fifth: printing the daily executive reports as the Organized Market.

- e. The trading regulations of the Organized Market have been followed concerning the article which didn't mention here.
- f. Orders have been entered through the trading station of each authorized person according to the trading system of the Second Market.
- g. Transactions have been made through the trading stations of the brokerage companies at the Market or at the brokerage company.
- h. The clearing process has been made at the depository center, while the bank made the settlement to the securities listing at the Organized Market.

4. The descending from the Organized Market to the Second Market

- . The company descends from the Organized Market to the Second Market in one of these cases:
 - First: frustration the company in implementing one of listing conditions at the Organized Market (Regulations NO (6) amended at 2010) and by a decision from Board of Governors certified by Board of Commission.
 - Second: decreasing number of executive transaction of the company's shares from (25) transactions yearly or decreasing the trading volume from 1% of the company's capital or decreasing its trading days from (25) days during the year.
- a. The company descends from the Organized Market to the Second Market by a decision from Board of Governors after presented a recommendation by the Market authorized director and Commission certification.

5. Ascending from the Second Market to the Organized Market

The company ascends to the Organized Market by a request from the company's board of director if the listing conditions at the Organized Market (Regulation NO (6) amended at 2010) has been fulfilled, taking into consider listing conditions at the Organized Market, and when achieving trading indexes that appropriate the trading indexes of the Organized Market.

6. Disclosure requirements of the company's listed at the Second Market

- . Introduce yearly financial statements to the Commission and Organized Market and disseminate it during (150) days from ending the year.
- a. Introduce and disseminate quarter financial statements every three months to the Commission and Organized Market.
- b. The disclosure of the essential events which effect on the company's activity, ownership, and continuation. Also, it has direct or indirect effect on the security's value and movement at Organized Market.

7. Cancellation the listing from the Second Market

The company may be canceled by a decision from Board of Governors in the following cases:

- . Non-committing the company with the listing conditions.
- a. Non-listing its shares for one year.
- b. When a resolution is taken to dissolve the company.

8. General provisions

- . The company should complete the listing requirements during a period don't pass (60) days from informing the company with the acceptance of listing, on the contrary the acceptance will be cancelled.
- a. Iraq Stock Exchange will issue a list of the companies listed at the Organized Market and at the Second Market, periodically.
- b. Iraq Securities Commission and Iraq Stock Exchange have to supervise the obligation of the companies listed at the Second Market in application the Financial Markets' law, rules, and regulations.