

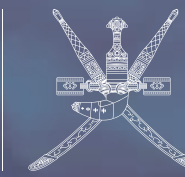


استدامة  
Estidamah

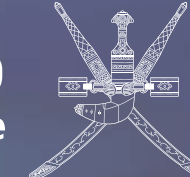
هيئة الخدمات المالية  
FINANCIAL SERVICES AUTHORITY



Sultanate of Oman سلطنة عُمان  
وزارة التجارة والصناعة وترويج الاستثمار  
Ministry of Commerce, Industry & Investment Promotion



وزارة المالية  
Ministry of Finance



بورصة مسقط  
MUSCAT STOCK EXCHANGE



# LAUNCHING THE INCENTIVE PROGRAM FOR CAPITAL MARKET



# Launching the Incentive Program for Capital Market

A program that aims to attract private companies by offering them opportunities to list on the Muscat Stock Exchange through three distinct pathways, each supported by a dedicated incentive package. The first pathway, backed by the first incentive package, encourages companies to list on the main stock market. The second pathway, accompanied by the second incentive package, establishes the MSX-AIM (Muscat Stock Exchange - Alternative Investment Market) specifically for emerging companies. This pathway lasts five years facilitating the transition of LLC companies into SAOCs.

This initiative is a key objective of the National Program for Fiscal Sustainability and Financial Sector Development "Estidamah". And is aligned with the strategic goals of Oman Vision 2040 to empower and finance the private sector. The program focuses on fostering the development of efficient and effective markets, thereby enhancing the competitiveness of the financial sector. Additionally, the program aims to expand the size and depth of the capital market. This initiative is carried out in collaboration with the Capital Market Authority, Muscat Stock Exchange, and relevant stakeholders.



# What are the Listing Benefits??

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## Diversification of Funding Options

Going public through offering and listing on the stock market is a way for companies to raise capital from new investors, strengthening their financial position. This influx of capital is crucial for fostering business growth and expansion. Additionally, being listed in the Muscat Stock Exchange not only improves companies' financial standing but also makes it easier for them to access different funding options.



## Increasing the Company's Credibility

Becoming listed in MSX elevates the company's trustworthiness through the adoption of transparent and governance standards. This, in return, it expands the company's prospects, and opens doors to additional development opportunities such as mergers, acquisitions, and collaborative projects.



## Expanding the Investor Base

Listing in the capital markets allows companies to diversify the investor base and bring in experienced investors who can contribute to developing the company's business and entering MSX-AIM Market or the Main Market.



## **Strengthening the Company's Brand**

Listing on MSX, offers a platform to showcase companies, their services, and financial performance. The Listing process, analyst coverage, prospectus creation and media campaigns around Initial Public Offerings (IPO's) generate great visibility for brands. This visibility, strengthens the company's brand which helps attract new customers and investors.



## **Enhancing Corporate Governance and Sustainability**

Ensuring the sustainability of companies beyond the second generation poses a significant challenge, particularly for family businesses. Converting to joint-stock companies and getting listed on MSX offers a legal framework, that, does not only enhance the likelihood of continued existence but also helps mitigate risks associated with internal governance or operational risks that could potentially impact the company.



## **Facilitating the Exit Process and Liquidating Shares:**

MSX serves as a key platform for investors to smoothly exit and liquidate their shares in a company through offering shares for listing and trading. As investors can easily buy and sell shares on exchange floor, streamlining the overall process.



# What are the Objectives of the Incentive Program for Establishing or Transforming into a Listed Company (S.A.O.G)?



**Provides alternative financing options for companies.**



**Enhances capital markets and attracts internal and external investments.**



**Enhances corporate governance and sustainability.**



**Contributes to MSX Emerging Market Upgrade.**



# FIRST PATHWAY





# First Pathway

## Main Market (Regular/ Parallel)

### Incentivizing the establishment or the transformation into public joint stock companies (SAOG)

Providing an exceptional incentive package targeted at private sector companies with a market value exceeding 10 million Omani Riyals for listing on the main market. This package is valid for a specified period of five years from the date of the decision's issuance.

### The objectives of the first pathway:



Facilitating access of the capital market as a funding option for companies.



Enhancing governance, transparency & corporate sustainability.



Granting individuals, the chance to invest their savings.



Attracting foreign investments.



# What are the Main Market Incentives?

Entity Providing Incentives	Incentives
Ministry of Finance	<ul style="list-style-type: none"> <li>Reimbursement of two-third of the tax paid by the company for a period of five years from the date of listing in the main market.</li> </ul>
Tax Authority	<ul style="list-style-type: none"> <li>Permitting the payment of income tax in instalments, with an exemption from any additional taxes on instalments for up to six months from tax due date.</li> </ul>
General Secretariat of the Tender Board	<ul style="list-style-type: none"> <li>10% price preference in awarding procurement contracts and tenders issued by the General Secretariat of the Tender Board for a period of 5 years, in accordance with the Board’s internal policies and controls.</li> </ul>
Financial Services Authority	<ul style="list-style-type: none"> <li>Exemption from listing fees charged by FSA.</li> <li>Exemption from fees for IPO prospectuses and any other subsequent prospectuses Fee charged by FSA.</li> <li>Providing free consultation to the company for one year on all legal and regulatory requirements. This includes the allocation of an employee within the Authority to assist with compliance issues. Additionally, the service encompasses the resolution of any problems that may arise during the listing process, in coordination with the relevant authorities.</li> <li>Approval of the prospectus will be granted within three working days upon receipt of all required documents.</li> <li>The Authority will respond to the company’s communications within two working days of receiving them.</li> </ul>
Muscat Clearing & Depository Company	<ul style="list-style-type: none"> <li>Exemption from transfer agent fees for 3 years.</li> </ul>
Development Bank	<ul style="list-style-type: none"> <li>Fast track for closed SAOG companies benefiting from the incentive program when submitting financing applications.</li> </ul>
Other Parties	<ul style="list-style-type: none"> <li>Preference in obtaining the incentives available from the relevant authorities, such as usufruct lands and concession areas, in accordance with the relevant authorities' internal policies &amp; controls.</li> </ul>



# What are the General Conditions for Benefiting from Incentives Under the First Pathway?



The company's value must be no less than 10 million Omani Riyals.



The company must offer at least 25% of its shares, while listing.



The company may not convert to any other legal form for five years following the incentive period, unless an exception is granted by the Financial Services Authority.





# SECOND PATHWAY





# Second Pathway

## Establishing MSX-AIM Market

Establishing a market that targets private companies with a market value exceeding half a million Omani Riyals, this new market features flexible listing requirements and conditions. It provides a financing option designed specifically for startups, small and medium-sized enterprises, as well as private and family-owned companies.

The MSX-AIM enables targeted companies to list and trade with reduced disclosure requirements and lower costs. The ultimate goal is to facilitate these companies' transition to the main market in the future.

To be eligible for listing, companies must either be closed joint-stock companies (SAOC) or undergo a transformation into one. Eligible companies can choose to list through an **Initial Offering** or opt for a **Direct Listing**, provided they meet the necessary requirements.

## The Objectives of MSX-AIM Market

			
Provides a financing option for targeted companies.	Enhances governance and transparency for closed companies.	Enhances corporate sustainability.	Provides liquidity to investors and facilitating the exit process.



# What are the Incentives for Companies to List at MSX-AIM Market?

Entity Providing Incentives	Incentives
Ministry of Finance	<ul style="list-style-type: none"> <li>Reimbursement of two-third of the tax paid by the company for a period of five years from the date of listing on MSX-AIM Market.</li> </ul>
Tax Authority	<ul style="list-style-type: none"> <li>Permitting the payment of income tax in instalments, with an exemption from any additional taxes on these instalments for up to six months from the due date.</li> </ul>
General Secretariat of the Tender Board	<ul style="list-style-type: none"> <li>A 10% price preference in awarding procurement contracts and tenders issued by the General Secretariat of the Tender Board for a period of 5 years, in accordance with the Board’s internal policies and controls.</li> </ul>
Financial Services Authority	<ul style="list-style-type: none"> <li>Exemption from listing fees charged by FSA.</li> <li>Exemption from fees for IPO prospectuses and any other subsequent prospectuses Fee charged by FSA.</li> <li>Providing free consultation to the company for one year on all legal and regulatory requirements. This includes the allocation of an employee within the Authority to assist with compliance issues. Additionally, the service encompasses the resolution of any problems that may arise during the listing process, in coordination with the relevant authorities.</li> <li>Approval of the prospectus will be granted within three working days upon receipt of all required documents.</li> <li>The Authority will respond to the company’s communications within two working days of receiving them.</li> </ul>
Muscat Clearing & Depository Company	<ul style="list-style-type: none"> <li>Exemption from transfer agent fees for 3 years.</li> </ul>
Muscat Stock Exchange	<ul style="list-style-type: none"> <li>Contributing to covering the costs of the issuance manager for the first 5 companies listed on the market.</li> <li>Corporate marketing and media coverage of new listings.</li> </ul>
Development Bank	<ul style="list-style-type: none"> <li>Fast track for companies listed on the MSX AIM market.</li> </ul>



# The General Conditions to Benefit from Incentives Under the Second Pathway?

01 It must be a closed joint stock company

02 Participants are required not to exit the market for five years following the end/conclusion of the program. Exceptions are permitted for converting to public joint-stock companies and moving to the parallel market, or for merging with another company.



# THIRD PATHWAY





# Third Pathway

## Encouraging the Transformation of Limited Liability Companies into Closed Joint-Stock Companies

The third incentive package is designed to encourage LLC companies to transition into SAOCs as part of an introductory phase. This initiative helps companies gradually implement governance requirements before transitioning to SAOGs.

## What are the Incentives for Companies for the Third Pathway

Institution	Incentives
Ministry of Finance	<ul style="list-style-type: none"> <li>Reimbursement of one-third (33.3%) of corporate income tax for a period of Two years from the listing date.</li> </ul>
Tax Authority	<ul style="list-style-type: none"> <li>Permitting the payment of income tax in instalments, with an exemption from any additional taxes on these instalments for a maximum of 6 months from the tax due date after the approval of Tax Authority for a period of two years from the transition.</li> </ul>
The General Secretariat of the Tender Board	<ul style="list-style-type: none"> <li>A 10% pricing preference in the awarding of procurement contracts and tenders issued by the Tender Board, following approval from the General Secretariat of the Tender Board, for a period of two years from the date of conversion to SAOC.</li> </ul>
Development Bank	<ul style="list-style-type: none"> <li>Fast-track processing for SAOC companies benefiting from the incentive program when applying for financing at the Development Bank, valid for two years from the date of conversion to a closed joint-stock company, following approval from the Development Bank.</li> </ul>



# Criteria to Benifit from Incentives in the Third Market:

- 1 The market value of the company must be no less than 500,000 Omani Riyals, which must be proven by submitting audited financial statements from an audit and review office accredited by the Financial Services Authority.
- 2 The number of Omani citizens employed by the company must be no less than 20.
- 3 The company must be compliant with tax payments and have no outstanding obligations with the Tax Authority.
- 4 The company must meet the in-country value criteria.



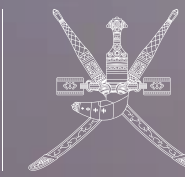


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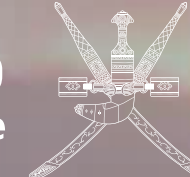
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