Cross-Border Listings Guide - Nasdaq Dubai

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# Quick Summary

## Initial financial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

To qualify under the Market Rules of the Dubai Financial Services Authority (DFSA), a company seeking a listing on NASDAQ Dubai typically must have:

A market capitalization of at least US$10 million.

Sufficient working capital available for its present requirements to the satisfaction of the DFSA.

A working capital report is required.

## Other initial listing requirements

[Last updated: 1 January 2024, unless otherwise noted]

*Share price.* Nasdaq Dubai allows a book building process for IPOs and thus issuer can price their IPO share price.

*Distribution.* To list its existing securities or to transfer its listing to Nasdaq Dubai, a company must satisfy the following requirements:

At least 250 shareholders, each holding at least US$2,000 of shares.

At least 25% of shares held by the public.

Shares must be duly authorized, validly issued, fully paid, freely transferable and free from any liens or restrictions on transfer.

*Accounting standards.* Audited financial statements must be prepared in compliance with IFRS (as issued by IAASB).

*Financial statements.* Generally, three years of audited financial statements are required.

*Operating history.* An operating history of three years is generally required.

*Management continuity.* Nasdaq Dubai does not require any specific period of continuity of management.

## Listing process

[Last updated: 1 January 2024, unless otherwise noted]

Listing involves registering the class of securities on the Official List of Securities. The DFSA will review and approve the prospectus. The following is a fairly typical process and timetable for a listing on Nasdaq Dubai.

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/nasdaq-dubailisting-process.pdf)

## Corporate governance and reporting

[Last updated: 1 January 2024, unless otherwise noted]

The DFSA’s corporate governance principles generally cover the following areas:

Role of the board of directors.

Division of responsibility between board and management.

Board composition and resources.

Risk management and internal control systems.

Shareholder rights and effective dialogue.

Financial position and prospects.

Remuneration structures and strategies.

The DFSA adopts a “comply or explain” approach to its corporate governance best practice standards.

A listed company has disclosure and reporting obligations both to the DFSA and Nasdaq Dubai.

There are no UAE residency requirements for directors or officers.

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to list on Nasdaq Dubai must pay application fees, initial listing fees and annual fees. Application fees are US$5,000. Initial listing fees for shares are calculated based on total number of securities admitted, ranging from US$70,000 to US$250,000. The annual fees for shares are calculated based on total number of securities admitted, ranging from US$20,000 to US$50,000. Application and initial listing fees for secondary listings where no capital is raised are between US$20,000 and US$50,000.

# Overview of exchange

## Overview of exchange

[Last updated: 1 January 2024, unless otherwise noted]

Nasdaq Dubai is an international exchange located in the Dubai International Financial Centre (DIFC). Nasdaq Dubai is owned by the Dubai Financial Market (DFM) and Borse Dubai. Nasdaq Dubai is a shareholder of DFM. Nasdaq Dubai was established in 2005 as Dubai International Financial Exchange and was rebranded as Nasdaq Dubai in 2008.

In July 2010, an Exchange consolidation occurred whereby Nasdaq Dubai started using the DFM platform in a push to create a single regional liquidity pool.

In 2011, the exchange transferred the listing authority from its own control to the Dubai Financial Services Authority (DFSA), which, in 2012, reduced the minimum market capitalization requirement for listed companies from US$50 million to US$10 million.

Nasdaq Dubai does not specialize in or encourage listings by particular types of companies. It does, however, position and market itself as the international stock exchange in the region, where companies not based in the DIFC or United Arab Emirates can seek a listing. Indeed, in 2014 there was an agreement with the Misr for Central Clearing, Depository and Registry to support the dual listings by Egyptian companies, in 2017 Nasdaq Dubai was recognized by the ESMA under EU regulations, in 2018 the DFM futures index launched and in January 2019 the Saudi Equity Futures index launched.

Nasdaq Dubai permits dual-listed and cross-listed companies but maintains the same listing standards for companies regardless of whether they are listed on another exchange. The listing standards of Nasdaq Dubai, as developed by the DFSA, are in line with international best practices.

Nasdaq Dubai’s regulator is the DFSA, which is the financial regulator of the DIFC. The DFSA is an independent regulator with a regulatory mandate that covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange. The DFSA is also responsible for the regulation and oversight of anti-money laundering, counter-terrorist financing and sanctions compliance.

# Principal listing and maintenance requirements and procedures

## Principal listing and maintenance requirements and procedures

[Last updated: 1 January 2024, unless otherwise noted]

*Jurisdiction of incorporation*

Nasdaq Dubai does not consider any jurisdictions of incorporation or industries to be unacceptable for a listed company. Nasdaq Dubai allows local, DIFC-based and international companies to list on the exchange.

*Market capitalization; working capital*

A company must have a market capitalization of at least US$10 million. In addition, the issuer must satisfy the DFSA that it (together with its subsidiaries) has sufficient working capital available for its present requirements, a minimum period of 12 months from the date of listing.

*Free float*

At least 25% of an issuer’s securities must be held by the public, both at the time of listing and on an ongoing basis. Care must be taken that this minimum free float is not breached as a result of trades or new issuance of securities. An issuer that continually breaches the minimum free float requirement could be delisted if the breach is not remedied.

Securities are not considered held by the public if they are held directly or indirectly by a director of the company, a person connected with the director of the company, the trustees of an employee share scheme for the benefit of any director or employees of the company, any person who under any agreement has a right to nominate a person to the board of directors of the company, or any person or persons in the same group acting in concert who have interest in 5 % or more of the company.

*Shareholders*

There must be a sufficient number of shareholders holding at least US$2,000 of shares. Nasdaq Dubai generally considers 250 to be a sufficient minimum number of shareholders.

There are no restrictions as to the nationality of the shareholders of a listed company. However, shareholdings in excess of 5% must be disclosed, together with increases or decreases of 1% or more for those shareholdings.

*Financial statements*

Typically, three years of audited financial statements are required. The DFSA may, however, waive or modify this requirement. The financial statements must be prepared on a comprehensive accounting basis such as IFRS or any other accounting basis acceptable to the DFSA. The financial statements must contain:

A review of the operations during the year and the results of those operations.

Details of any significant changes in the state of affairs during the financial year.

Details relating to the principal activities and any significant changes in the nature of those activities during the year.

Details of any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations and state of affairs in future financial years.

Likely developments of the operations in future financial years and the expected results of those operations.

A statement by the directors whether or not, in their opinion, the company is a going concern with supporting assumptions or qualifications as necessary.

In addition, the company must prepare and file a semi-annual financial report for the first six months of each financial year in accordance with the applicable IFRS standards or other standards acceptable to the DFSA. The semi-annual report must include:

An indication of important events that have occurred during the first six months of the financial year and their impact on the financial statements.

A description of the principal risks and uncertainties for the remaining six months.

A condensed set of financial statements.

An interim management report.

Associated responsibility statements.

*Corporate governance*

The DFSA imposes a general corporate governance principle that requires a company to have a corporate governance framework that is adequate to promote prudent and sound management in the long term interests of the company and its shareholders. In addition, companies wishing to list on Nasdaq Dubai must comply with certain specific corporate governance principles, which are further described in section 5 below.

*Sponsor*

The DFSA may require a company who intends to make a prospectus offer to appoint a sponsor in respect of the prospectus offer or provide third party certification in respect of any specific matters relating to the prospectus offer.

A sponsor, if required and appointed, must satisfy itself to the best of its knowledge and belief, having made due and careful enquiry, that the company that intends to make a prospectus offer has satisfied all applicable conditions for offering securities and other relevant legal and regulatory requirements. The sponsor also must provide to the DFSA any information or explanation known to it in such form and within such time limit as the DFSA may reasonably require for the purpose of verifying whether the company making the prospectus offer complies with the laws and regulations.

*Meetings with the exchange and regulator*

A meeting with the exchange and the regulator are generally the first steps to take for a company wishing to list on Nasdaq Dubai. There may be other meetings with the exchange and the regulator for an update and monitoring of progress.

*Additional requirements*

All trades on Nasdaq Dubai are denominated and quoted in US dollars only. All securities transactions must be settled and cleared by clearing members of the exchange.

The DFSA may require a company to appoint a compliance adviser. The DFSA also may impose conditions or restrictions in respect of the admission of the securities to the official list of securities, or vary or withdraw such conditions or restrictions.

# Listing documentation and process

## Listing documentation and process

[Last updated: 1 January 2024, unless otherwise noted]

Issuers are required to provide to investors, Nasdaq Dubai and the DFSA a prospectus that presents information in a form that is comprehensible and easy to analyze. The DFSA may, in some cases, approve an offering document produced under rules in another jurisdiction if the DFSA is satisfied with the information provided in the document and the level of regulation imposed by that jurisdiction.

A prospectus must contain:

Financials (typically three years' audited statements).

Working capital statement.

Management discussion and analysis of financial information.

Risk factors.

Description of the business.

Strength and strategy.

Industry overview.

Overview of markets in which the company operates.

Reasons for the offer.

Intended use of proceeds.

Dividend policy.

Information about the company’s current shareholding structure, board and senior management.

Selling restrictions.

Certain regulatory disclaimers.

The most recent three years of financial audited statements must be included. The financial statements must be prepared on a comprehensive accounting basis such as IFRS or any other accounting basis acceptable to the DFSA.

A dialogue will have to be established with the DFSA for the vetting and approval of the prospectus and the submission of various documents, application and forms, along with an application to Nasdaq Dubai for the admission to trading.

The following preliminary documents must be submitted to Nasdaq Dubai:

Draft of an application form completed as far as possible and including all available information.

Final draft of the prospectus.

Any security specific documents required by Nasdaq Dubai.

Resolutions passed at a meeting of the issuer’s shareholders authorizing the issue of securities for which admission is sought.

Resolutions of the board of directors of the issuer authorizing the issue and allotment of such securities, the raising of capital including an indicative amount or an upper limit for the capital to be raised, and the filing of the application with Nasdaq Dubai.

Articles of association.

Where Nasdaq Dubai is considered a secondary exchange, evidence that the issuer is subject to a primary listing.

Final application documents should be submitted to Nasdaq Dubai in sufficient time prior to approval for admission, and include a properly completed application form signed by the relevant authorized parties and a copy of the prospectus approved by the DFSA.

In considering an application, Nasdaq Dubai may in its sole discretion:

Carry out any enquiry and require any information which it considers appropriate.

Require an issuer to provide supplementary or amended information.

Require any information submitted by an issuer to be verified in such a manner as Nasdaq Dubai may specify.

Require information specific to Nasdaq Dubai rules in a manner prescribed by Nasdaq Dubai.

Nasdaq Dubai will issue written confirmation of its approval by letter upon determination that the securities are eligible to be admitted to trading, receipt of documents relating to an application in final form to the satisfaction of Nasdaq Dubai and receipt of an issuer’s payment of the fees.

*Timetable*

The following is a typical process and timetable for a listing on Nasdaq Dubai.

[Link to Chart](https://resourcehub.bakermckenzie.com/en/-/media/crossborder-listings-handbook/files/2020-update-8th-edition/nasdaq-dubailisting-doc-and-proc.pdf)

# Continuing obligations/periodic reporting

## Continuing obligations/periodic reporting

[Last updated: 1 January 2024, unless otherwise noted]

A Nasdaq Dubai listed company has disclosure and reporting obligations both to Nasdaq Dubai and the DFSA. Generally, a listed company must release quickly to the public any news or information that might reasonably be expected to materially affect security values or influence investment decisions. Further, Nasdaq Dubai strives to ensure that listed companies provide timely and regular financial information.

*Disclosure of material information*

Generally, Nasdaq Dubai seeks to avoid a situation where unusual market activity or substantial changes in price occurs shortly before an important corporate action or development is announced, particularly because these changes may indicate trading on the basis of inside information. Nasdaq Dubai believes these risks are prevalent in the context of negotiations and preparations regarding mergers and acquisitions, new contracts, products or discoveries. Nasdaq Dubai recommends that companies exercise caution to keep these matters confidential. If confidentiality can be maintained, a public announcement may not be necessary, but if unusual market activity appears to be taking place while important corporate developments are under discussion or undertaken, Nasdaq Dubai recommends that the company be ready to make a public announcement.

A listed company must also give Nasdaq Dubai prompt written notice of a variety of corporate events affecting the company and its securities.

*DFSA disclosures*

A listed company must make timely disclosure of inside information. Such disclosures must not be misleading, false or deceptive and does not omit anything likely to affect the import of the information.

Such disclosures must be made as soon as possible and must be made to the DFSA, Nasdaq Dubai, on the website of the listed company and to any approved regulatory announcement service.

*Periodic financial disclosures*

Periodic disclosures are required in a number of circumstances and can include interim financial reports and accounts, prospectuses, bidder’s statements and target statements. A listed company must disclose to the market its annual financial report, its semi-annual financial report and its preliminary financial results.

The annual financial report must be disclosed as soon as possible after the financial statements have been approved, but no later than 120 days after the end of the financial period. The semi-financial annual report must be disclosed as soon as possible and in any event no later than 60 days after the end of the period to which the report relates. Preliminary financial results must be disclosed as soon as possible but no later than 30 minutes before market opens on the day after the approval of the board of directors.

*Disclosure of interest by connected persons*

Connected persons are defined as board members, senior managers or persons owning directly or indirectly securities carrying more than 5% of the voting rights of the company or of an entity controlling the company. Connected persons must file a report with the DFSA and the company upon becoming or ceasing to become a director of a controller of the company, or upon acquiring or ceasing to hold (either alone or with an associate) any securities in the company or in a controller of the company or upon an increase or decrease of 1% of its shareholding in the company.

*Insider trading*

A company must establish effective arrangements to deny access to inside information to any person other than those who require it inside the company for the exercise of their functions. A company must establish and maintain adequate systems and controls to enable it to identify at all times any person working for it who has or may reasonably be likely to have access to inside information whether on a regular or occasional basis.

A company must take necessary measures to ensure that its directors and employees who have or may have access to inside information acknowledge the legal and regulatory duties entailed including dealing restrictions in relation to the company’s securities, and are aware of the sanctions attaching to the misuse or improper use or circulation of such information.

*Dealings by restricted persons*

"Restricted persons" involved in the senior management of a company listed on Nasdaq Dubai (such as executive directors and other senior executives) are prohibited from dealing in the company’s securities during "close periods", unless prior clearance for those dealings is obtained. The prohibition applies to any dealing by restricted persons whether or not such dealings are with another restricted person or any other person.

A person is a "restricted person" in relation to a listed company if involved in the senior management of the company. Persons are considered as involved in the senior management if they are in a position of authority and influence in making management or executive decisions with regard to the day-to-day management of the business of the company. Some members of the board of directors, such as executive directors, are considered restricted persons because they undertake managerial functions and responsibilities relating to the day-to-day management of the company.

However, the following dealings are considered as "exempt dealings" and will not trigger the prohibition:

A rights issue or dividend reinvestment offer, or allowing such an entitlement or offer to lapse.

Undertakings to accept, or the acceptance of, a takeover offer as defined under the DFSA Takeover Rules.

Dealings where the beneficial interest in the relevant security does not change.

Transactions between the Restricted Person and an associate of such a person.

Transactions relating to dealings in an employee share scheme in accordance with the terms of such a scheme.

A "close period" is the period from the relevant financial year end up to and including the time of the announcement or publication of the annual financial reports. If the listed company reports on a semi-annual or on a quarterly basis, the period from the end of the relevant semi-annual or quarter up to and including the time of the announcement.

A restricted Person can obtain prior written clearance to deal in the company’s securities from a director designated by the board of directors for these purposes. However, a clearance must not be given at any time if the director believes that the dealing in securities involves any matter which constitutes "inside information" as defined under the Markets Law.

*Related party transactions*

A person is a "related party" to a listed company if that person:

Is, or was within the 12 months before the date of the transaction, either a director or a person involved in the senior management of the listed company or a member of its group, or an "associate" of that director or person.

Owns, or has owned within 12 months before the date of the transaction, voting securities carrying more than 5% of the voting rights attaching to all the voting securities of either the listed company or a member of its group.

Is, or was within the 12 months before the date of the transaction, a person exercising or having the ability to exercise significant influence over the reporting entity (this may include an advisor or consultant to the company) or an associate of such a person.

In any related party transaction of a listed company, the listed company must ensure that:

If the transaction value is greater than 5% of the company’s net assets (as stated in its most recent financial reports), it does not enter into the transaction unless the transaction has been duly approved by a majority of the shareholders with voting power.

If the transaction value is less than the 5% threshold discussed above, it notifies the DFSA as soon as possible after the transaction of the relevant terms and the basis on which the terms are considered fair and reasonable, supported by a written confirmation by an independent third party acceptable to the DFSA.

For purposes of determining the 5% threshold, a series of related party transactions with the same related party in any 12 month period generally are aggregated.

The following transactions are considered related party transactions:

Transaction between the listed company (or a subsidiary) and a related party.

Transaction under which the listed company (or a subsidiary) invests in another undertaking or asset, or provides financial assistance to another undertaking, in which a related party also has a financial interest.

Transaction between the listed company (or a subsidiary) and any other person the purpose or effect of which is to benefit a related party.

The related party transaction rules do not apply if the transaction:

Is made in the ordinary course of business and on commercial terms no less favorable than those of an arm’s length transaction with an unrelated party.

Where it, or any series of transactions with the same related party in any 12 month period, does not exceed 0.25% of the value of the net assets of the listed company as stated in its most recent financial reports.

Where it is made in accordance with the terms of an employee share scheme or other employee incentive scheme approved by the board of directors of the listed company.

Where it involves the issue of new securities for cash or pursuant to the exercise of conversion or subscription rights attaching to securities issued to existing shareholders where the securities are traded on a Nasdaq Dubai.

*Other corporate actions*

The board of directors of the company must ensure that all necessary information and facilities are available to its shareholders to enable them to exercise the rights attaching to their securities on a well-informed basis, such as matters to be determined at shareholders meetings. All shareholders must have access to any relevant notices or circulars giving information in relation to rights attaching to the securities.

# Corporate governance

## Corporate governance

[Last updated: 1 January 2024, unless otherwise noted]

A company wishing to list on Nasdaq Dubai must comply with the following corporate governance principles.

*Principle 1 – Board of directors*

Every company must have an effective board that is collectively accountable for ensuring that the company’s business is managed prudently and soundly.

*Principle 2 – Division of responsibilities*

The board must ensure that there is a clear division between the board’s responsibility for setting the strategic aims and undertaking the oversight of the company and the senior management’s responsibility for managing the company’s business in accordance with the strategic aims and risk parameters set by the Board.

*Principle 3 – Board composition and resources*

The board, and its committees, must have an appropriate balance of skills, experience, independence and knowledge of the company’s business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the company.

*Principle 4 – Risk management and internal control systems*

The board must ensure that the company has an adequate, effective, well- defined and well-integrated risk management, internal control and compliance framework.

*Principle 5 – Shareholder rights and effective dialogue*

The board must ensure that the rights of shareholders are properly safeguarded through appropriate measures that enable the shareholders to exercise their rights effectively, promote effective dialogue with shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority shareholders.

*Principle 6 – Position and prospects*

The board must ensure that the company’s financial and other reports present an accurate, balanced and understandable assessment of the company’s financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.

*Principle 7 – Remuneration*

The board must ensure that the company has remuneration structures and strategies that are well aligned with the long-term interests of the entity.

*Annual reporting on compliance*

The annual financial report of a company must:

State whether the best practice standards have been adopted by the company for the purposes of complying with the Corporate Governance Principles.

If the best practice standards in have not been fully adopted or have been only partially adopted explain why and what actions, if any, have been taken by the company to achieve compliance.

Include a statement by the directors whether or not, in their opinion, the corporate governance framework of the company is effective in promoting compliance with the Corporate Governance Principles, with supporting information and assumptions, and qualifications if necessary.

# Specific situations

## Specific situations

[Last updated: 1 January 2024, unless otherwise noted]

There are no additional Nasdaq Dubai requirements that apply to very large multinational companies or smaller companies.

No explicit procedure currently exists for fast track or expedited listing, but the process may be expedited if the IPO is not targeted to retail investors.

# Presence in the jurisdiction

## Presence in the jurisdiction

[Last updated: 1 January 2024, unless otherwise noted]

Nasdaq Dubai does not impose any requirements for a listed foreign company to maintain a presence in the DIFC or keep any original records there.

# Fees

## Fees

[Last updated: 1 January 2024, unless otherwise noted]

A company seeking to list on Nasdaq Dubai must pay application fees, initial listing fees and annual fees.

*Application and initial listing fees*

Application fees are US$5,000. The initial listing fees for shares are calculated based on total number of securities admitted, ranging from US$70,000 to US$250,000. Application and initial listing fees for secondary listings where no capital is raised are between US$20,000 and US$50,000.

*Annual fees*

The annual fees for shares are calculated based on total number of securities admitted, ranging from US$20,000 to US$50,000.

# Additional Information

## Additional Information

[Last updated: 1 January 2024, unless otherwise noted]

All information for registration with Nasdaq Dubai and the DFSA must be submitted in the English language.

*Key differences in requirements for domestic companies*

Listing requirements for domestic companies are the same as those for foreign companies.

# Contacts

## Contacts within Baker McKenzie

Mazen Boustany of Baker McKenzie in Dubai is the most appropriate contact for inquiries about prospective listings on Nasdaq Dubai.

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