

Subscription

(Subscription Management, Underwriting, Rights issue, receiving the subscription)

This is a service provided by the company for the companies wishing to sell their shares or a part thereof, through public or private offering :

- **Summary of the subscription :**

Subscription is an invitation by the joint- stock company to the investors to purchase a company's existing or new common part by paying the value of a certain number of shares in return of which the Company will give him existing or new shares.

- **Types of Subscription:**

In terms of its availability to the public Subscription is divided into:

- 1- Private placement: this is an invitation for a specific number of investors to participate in establishing a joint- stock company, or increase the capital of their existing company for their desire to confine its ownership among themselves. This takes into consideration that they are capable of providing the necessary financing for the company.
- 2- Public offering: this is an invitation for the public investors to purchase a limited number of the shares of an existing or new joint-stock company which shall be traded in the capital market.

In terms of its purpose subscription is also divided into:

- 1- Subscription for raising capital (Rights issue): this is an invitation to the subscribers who are shareholders in the joint- stock company to increase their ownership in it through purchasing new shares at a specific price and on a specific time.
- 2- New Subscription: this can be a public or private call for the investors to participate in the ownership of an existing or new company through purchasing a limited number of shares at a specific price and on a specific time.

- **Subscription Management:**

This refers to the management of the offering of shares of companies that wish to sell, either whole or part of their shares through public issue or Rights Issue performed by way of providing the appropriate consultations with respect to the plans and volume of the issuance. to determining the appropriate price and timing of the issuance ensures the compliance of the company to the regulatory requirements as well as coordinating with the other subscription advisors and regulatory bodies to ensure the smooth and quick progress of the subscription process.

- **Underwriting:**

This is a service provided by the company to its customers of companies wishing to offer their shares for subscription. There are two types of this service:

The first type: commitment of the company to purchase the shares offered for subscription at the announced price, in the event that the subscription has not been covered by the subscribers in the public offering of shares.

The second type: commitment to exert maximum effort to market the subscription without commitment to purchase the unsold shares.

- **Rights Issue and its trading**

This is the right of purchasing a specific number of shares at a specific price and during a specific period of time. This right is issued by the joint stock company to the owners on a pro-rata basis according to their ownership shares in the company. The purpose of that is to increase the company's capital.

A holder of the rights issue is entitled to sell it during the offering period to one of the shareholders or others in the secondary market. If the holder of the Rights Issue did not practice his right and did not sell it in the market, the company will sell this right and give its holder compensation for it.

- **Receiving of Subscription:**

This is a service provided by the company to its customers who are divided into two types:

- a. The companies interested in selling their shares through public or private offering.
- b. The individuals who are interested in purchasing the shares of the new joint stock companies through the branches and electronic channels.

- **Channels that provide the subscription service in the joint- stock companies:**

ARC provides the service of subscription in the joint- stock companies, through the following channels:

- 1- Bank Branches.
- 2- Telephone Banking.
- 3- Internet Banking.
- 4- ATMs.

The Sharia rules

1. The companies whose shares are offered for subscription shall be compatible with the Sharia rules, issued in regard with trading and investment in stocks. (Link)
2. The company may undertake to underwrite the subscription and charge a fee for that as this is considered a purchase undertaking.
3. The company may issue and trade in Rights Issue, and practice those rights by purchasing or selling the shares in the market, provided that it must have full knowledge of the number of shares that may be purchased and the price of each of them.