

Resolution No. (02) of 2023

Regarding Amending Bursa Kuwait Rulebook

Having Perused:

- Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments.
- Resolution No. (72) of 2015 the Issuance of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Amendments.
- Resolution No. (91) of 2016 Regarding Licensing Bursa Kuwait Securities Company to Practice the Activity of a Securities Exchange.
- Bursa Kuwait Securities Company decision No. (1) of 2018 Regarding the Issuance of Bursa Kuwait Rulebook and its Amendments.
- CMA Letter holding reference No. CMA-030200-02869-2023 dated 23/10/2023 approving the amendments to Bursa Kuwait Rulebook.
- Pursuant to Bursa Kuwait Board of Directors' approval No. (06/2023) dated 26/09/2023 to amend the Bursa Kuwait Rulebook.

The Following Was Resolved:

Article One

The Rulebook shall be amended by adding Chapter Thirteen under the title "Procedures For Selling Shares Of The Delinquent Shareholder Who Is Late In Paying The Due Installment", as shown in the table attached to this decision.

Article Two

The authorities vested with this decision shall implement it, each within the limits of its capacities.

Mohammed Saud Al-Osaimi

Chief Executive Officer

on behalf

Issued on 23/10/2023



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رأس المال المصرح به: 60,000,000/- دينار كويتي | رأس المال المصدر والمدفوع: 20,077,575/- دينار كويتي | رقم السجل التجاري: 355538 | ش.م.ك.ع.
Authorised Capital: 60,000,000/- KWD | Issued Capital (Paid-up): 20,077,575/- KWD | C.R: 355538 | K.P.S.C

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Item	Chapter	Article	Type of Amendment	Pre-Amendment	Post Amendment
1	13	(13-1)	Addition	-	Scope of Application
2	13	(13-1-1)	Addition	-	The provisions of this chapter apply to the procedures for selling both listed and unlisted Shares owned by a delinquent shareholder who is late in fulfilling the installment due on these Shares in accordance with the provisions of Article 155 of Law No. 1 of 2016 regarding companies.
3	13	(13-1-2)	Addition	-	The provisions of this chapter do not apply to companies that deposit their shareholder Register with a body other than a Clearing Agency.
4	13	(13-2)	Addition	-	Selling Methods
5	13	(13-2-1)	Addition	-	The sale medium of listed Shares shall be through the Trading System, and the unlisted Shares shall be through auction on the OTC Trading System Platform. The Exchange may specify other means for selling the Shares, in such cases the Exchange shall set the conditions and procedures for the sale.
6	13	(13-3)	Addition	-	Receiving the Sale Request and Setting the Date for the Sale
7	13	(13-3-1)	Addition	-	The sale procedures begin when the Exchange receives the sale requests from the company issuing the Shares, This company shall bear the responsibility for any failure or error resulting from its submission of the sale request, or the shareholder's announcement, or the procedures taking place during the sale, it also bears responsibility for the completeness and correctness of the documents and data provided in this matter.
8	13	(13-3-2)	Addition	-	The company issuing the Shares shall deliver the sale request to the Exchange for each shareholder separately, signed by the legal representative of the company, and accompanied by the following documents:

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| | | | | | <p>a. A copy of the memorandum of association of the company requesting the sale and the articles of association and any amendments thereto.</p> <p>B. A copy of the certificate of the authorized signatories on behalf of the company requesting the sale, and a certificate with the names of the members of the Board of Directors issued by the Ministry of Commerce and Industry.</p> <p>C. A copy of the official warning announced to the delinquent shareholder who is late in paying the due installments of the Shares to be sold.</p> <p>D. A copy of the company's board of directors' decision requesting the sale to recall the share installments.</p> <p>E. A copy of the company's board of directors' decision requesting the sale, to sell the Shares of the delinquent shareholder who is late in paying the due installment.</p> <p>F. A receipt for the Shares to be sold, issued by a Clearing Agency.</p> <p>G. A statement of the Shares to be sold stating the name of the shareholder, the civil ID number, the number of his shares, their percentage of the capital, the value paid thereof, as well as the installment due thereon, interest and other expenses, provided that this statement is signed by the legal representative of the company requesting the sale.</p> <p>H. A statement of reservations and rights restricted to the Shares to be sold, and the legal restrictions and agreement related thereto (if any), provided that this statement is signed by the legal representative of the company requesting the sale.</p> <p>I. The conditions required for the bidders according to the provisions of the company's articles of association or the system under which it was established.</p> |
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The Exchange may - after receiving the application - request documents or fulfill other requirements it deems necessary to complete the sale process.

9	13	(13-3-3)	Addition	-	The requesting company is required to pay the fees of receiving the sale order for the Exchange, which is set at KD 200 and is not refunded in case of suspension or cancellation of the sale proceedings.
10	13	(13-3-4)	Addition	-	The Exchange - after receipt of the sale order and payment of the fees of receipt of the order – sets the date of sale shall be fixed and the date of sale shall be determined within a period not exceeding sixty days from the date of receipt of the application to the Exchange provided that all necessary requirements for the completion of the sale are met. The Exchange may postpone the date of sale whenever necessary, provided that the requesting company is notified of the postponement of the date. In any event, the deferral periods shall not be counted under this period.
11	13	(13-4)	Addition	-	Bidders Requirements In the event that Shares are sold through the auction on the OTC Trading Platform , bidders must meet the conditions stipulated in the following articles, as the case may be.
12	13	(13-4-1)	Addition	-	In case of selling a ratio representing 5% or more of a local bank's capital, all bidders must obtain prior approval from the Central Bank of Kuwait.
13	13	(13-4-2)	Addition	-	In the case of a sale of a ratio representing effective control over a licensed person, all bidders must obtain prior approval from the Authority.
14	13	(13-4-3)	Addition	-	In the case of the sale of founders' Shares for which the period of prohibition of the disposal of the founders' Shares has not expired; all bidders must meet the requirements set out in article 172 of Kuwait Companies Law No. (1) of 2016.
15	13	(13-4-4)	Addition	-	If a shareholder's article of association requires a priority right to buy Shares for other shareholders before they are offered for sale to others, all increasing shareholders must meet the shareholder requirement upon entering the bid.

16	13	(13-4-5)	Addition	-	In the case of selling a shareholder's Shares of companies which memorandums require certain conditions in this shareholders, or certain qualifying procedures, all bidders must meet those conditions and the required procedures.
17	13	(13-4-6)	Addition	-	The company requesting the sale and the sales conductor are mutually responsible for the availability of the required conditions in the bidders.
18	13	(13-5)	Addition	-	Sales Conductor
19	13	(13-5-1)	Addition	-	<p>The company requesting the sale shall appoint a sales conductor from the Licensed Brokers to sell the Shares.</p> <p>It is required that there should not be any conflict of interest between the company requesting the sale and the Licensed Broker it has chosen as the sales conductor, and without prejudice to the conflict-of-interest cases stipulated in Chapter Three of Module Eight "Conduct of Business" of the Bylaws, the following conflict of interest cases shall be included:</p> <ol style="list-style-type: none"> 1. The Licensed Broker is from the same group as the company requesting the sale. 2. There is effective control by the company requesting the sale of the Licensed Broker. 3. The company requesting the sale is a Client of the Licensed Broker.
20	13	(13-5-2)	Addition	-	If the shares were unlisted, the sales conductor must determine the base price by calculating the weighted average price of the Security through the deals that took place on it during the six months preceding the bidding at the Exchange, or through the book value of the Security according to the latest approved financial statement, or the value of the instalments paid from the nominal value of the share in addition to the outstanding instalments; whichever is greater.

21	13	(13-6)	Addition	-	State of Sale Shares
22	13	(13-6-1)	Addition	-	If the status of the Shares to be sold changes from unlisted to listed or vice versa after setting the date for the sale and before it takes place, the sale shall be subject to procedures that are consistent with the status of the Shares at the time of sale, unless the Exchange decides to set a new date for the sale or other requirements are met.
23	13	(13-6-2)	Addition	-	<p>In the event that the company issuing the Shares being sold reduces its capital or in the event of disbursing any rights such as profits, after setting the date for the sale, the Shares will be sold after reducing the capital or bearing the rights assigned to them. In this case, the company requesting the sale is obligated to notify the Exchange of any change to Shares before announcing the sale date on the Exchange's Website.</p> <p>If the situation in the previous paragraph occurs after publishing the sale Announcement on the Exchange's Website and before the sale is made, the Exchange may postpone the sale date after being notified by the company requesting the sale.</p>
24	13	(13-7)	Addition	-	Open a Temporary Trading Account
25	13	(13-7-1)	Addition	-	<p>The Exchange shall notify the Clearing Agency to open a temporary account to sell Shares under the name of the company issuing the shares (the name of the delinquent shareholder). The Clearing Agency shall transfer the Shares being sold to the temporary account, and no disposition may be made on them until the sale is made, stopped, or cancelled.</p> <p>The Clearing Agency shall, within three days, notify the Exchange of the temporary account number.</p>

26	13	(13-7-2)	Addition	-	<p>Shares owned by delinquent shareholder who is late in paying the installment due on these Shares may be sold, even if they are seized. A temporary trading account is opened with the Clearing Agency under the name (Ministry of Justice - General Department of Execution - (the name of the debtor). The Exchange's Announcement of the sale - in this case - is considered as a notification to seizer.</p> <p>In this case, the Exchange notifies the General Department of Execution to approve the procedures to be taken regarding the sale of Shares. After the sale is completed, the proceeds of the sale - after deducting the expenses of implementing the sale process - are deposited in the General Department of Execution's treasury. The General Department of Execution shall distribute the proceeds of the sale to the creditors based on the priority of each creditor as stipulated by the law.</p>
27	13	(13-8)	Addition	-	Announcement of Sale on the Exchanges' Website
28	13	(13-8-1)	Addition	-	<p>The Exchange announces the sale of securities by publishing on the Exchange's Website, ten days prior to the sale date on a daily basis, the sale conductor provides the Announcement's form, the Announcement's form shall include the following data:</p> <p>A. Days, hours and place of sale.</p> <p>B. The name of the share (type, quantity its percentage of the capital).</p> <p>C. The name of the delinquent shareholder who is late in paying the due installments.</p> <p>D. Base price</p> <p>E. Any restrictions, pledge, reservations signed on the Shares subject to sale, (if any).</p> <p>F. Any requirements related to the bidders (if any).</p> <p>G. The place of sale in the event that another means of sale is used other than selling through Trading Systems or the auction on the OTC Trading Platform.</p> <p>H. Terms of sale (if any).</p>

					The sale conductor or the Exchange may add to the Announcement of the sale of the Shares any other data it deems necessary.
29	13	(13-9)	Addition	-	Selling the Shares
30	13	(13-9-1)	Addition	-	<p>Signing the attachment on the Shares subject of sale does not prevent the sale from taking place, and the proceeds of the sale shall be distributed after paying the sale's expenses and commissions in the following order:</p> <ol style="list-style-type: none"> 1. The company issuing the Shares with the concession rights stemming therefrom. 2. Other concessionaires, according to their ranks. 3. Pledged creditors according to their ranks. 4. Ordinary creditors. 5. The delinquent shareholder who is late in paying the due installments. <p>The Exchange's Announcement of the sale is considered a notification to the mortgaged creditors and the lien in the mortgage, and Article (10-9) of Module Eleven of the Executive Bylaws is implemented with regard to the lien in the mortgage.</p>
31	13	(13-9-2)	Addition	-	The Shares of a member of the board of directors may be sold in accordance with the provisions of this chapter even if the articles of association of the company issuing the Shares prohibits the member of the board of directors from disposing of his Shares throughout the term of his membership.
32	13	(13-9-3)	Addition	-	<p>The issuing company - if it deems appropriate - may ask the sale conductor to split the sale of the Shares listed under sale over more than one trading session, not to exceed three business days.</p> <p>In the case of Shares sold through auction on the OTC Trading Platform, the sale conductor is required to sell the entire shares of the delinquent shareholder who is late in paying the due installments without splitting them.</p>

33	13	(13-9-4)	Addition	-	The sale conductor shall carry on with the procedures of selling the Shares on the specified date stated on the Announcement published on the Exchange's Website, and through the sale method stipulated in Article (13-2-1) of these rules.
34	13	(13-9-5)	Addition	-	The sale conductor must ascertain into the best price to sell the Shares in a way that does not affect the trading process in the Exchange.
35	13	(13-9-6)	Addition	-	With regard to listed Shares, the sale conductor shall begin displaying the Shares being sold at the beginning of the trading session on the day specified for sale. In the case of Shares sold through auction on the OTC Trading Platform, the sale conductor shall initiate the procedures at the time specified in the Announcement published on the Exchange's Website, and shall begin the bidding at the specified time, indicating the base price.
36	13	(13-9-7)	Addition	-	If the sale of the Shares resulted in amounts sufficient to pay the installment due from the shareholder, the interests and the expenses incurred by the company issuing the Shares, the remainder shall be returned to the shareholder, unless there are rights of the pledged creditors or seizers. If the proceeds of the sale of the Shares are not sufficient to pay the due installments, the company shall have recourse to the shareholder for his private assets.
37	13	(13-9-8)	Addition	-	In the case of selling through the auction on the OTC Trading Platform, the extract from this system is considered evidence proving the bidding procedures, the name of the Person who won the auction, and the price at which he won. If no one comes forward to buy the Shares at their estimated value in accordance with Article (13-5-2) of these Rules, the sale deadline is extended to the next day if it is not a holiday, or to the first working day after the holiday. If no buyer comes forward with the estimated value, the sale deadline is extended to the next day, and then it is sold to the one who wins the

					auction, even at a lower price than what it was sold for.
38	13	(13-9-9)	Addition	-	In the event that the days of sale expire without the sale conductor being able to sell the Shares of the delinquent shareholder who is late in paying the due installment, the sale conductor must notify the Exchange and the company requesting the sale of such case, the company requesting the sale may request an extension of the selling days to a maximum of three days, and it may also submit a new application to repeat the sale procedures again.
39	13	(13-10)	Addition	-	General Provisions
40	13	(13-10-1)	Addition	-	The Clearing Agency shall take settlement and clearing procedures, make the necessary adjustments, In the Register of shareholders, the proceeds of the sale, after deducting expenses and commissions, are delivered to the company requesting the sale, within the limits of the amounts due to it. In the event that the sold Shares are attached, the proceeds of the sale shall be delivered to the treasury of the General Department of Execution, after deducting expenses and commissions, the General Department of Execution may carry out its affairs in distributing the proceeds of the sale in accordance with the law.
41	13	(13-10-2)	Addition	-	Selling expenses are calculated and distributed in accordance with the trading commissions applicable at the Exchange. These expenses are deducted from the proceeds of the sale before handing it over to the company requesting the sale or the General Department of Execution, as the case may be.
42	13	(13-10-3)	Addition	-	The sale procedures may be suspended or canceled based on a request from the General Department of Execution or according to an enforceable court ruling or a judicial order.

43	13	(13-10-4)	Addition	-	In the event the Exchange discovers that there is a technical defect in its systems or the Licensed Brokers system during the sale of Shares, the Exchange may cancel the sale operations that have taken place, and return them again, and the Exchange or the sales conductor in such case shall not be asked.
44	13	(13-10-5)	Addition	-	The Exchange may develop electronic systems to allow the receipt of sale requests and correspondences between the Authority, the Exchange, the Clearing Agency, and the Licensed Brokers.
45	13	(13-10-6)	Addition	-	The Exchange or the Clearing Agency shall not be liable except to the extent of the error represented in violating their responsibilities stipulated in this chapter, nor shall the Exchange or the Clearing Agency be liable in the event of executing the sale requests received from the companies issuing the Shares. The same provision applies to the sale conductor.