Resolution No. (194) of 2022

Regarding Amending Boursa 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; and

- CMA Board of Commissioners Resolution passed in its meeting No. (46) of 2022 held on 14/12/2022.

The Following Was Resolved

Article (1)

Boursa Kuwait Rulebook is hereby amended pursuant to Annex (1) attached to this Resolution.

Article (2)

The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.

Prof. Ahmad Almelhem

Issued on: 18/12/2022

Annex 1

بورصة الكويت
BOURSA KUWAIT

BOURSA KUWAIT RULEBOOK

Version 2
April 2019

Chapter Twelve

Mandatory Execution on Securities

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Article 12-1	**Scope of Application**
Article 12-1-1	The provisions of this Chapter shall apply on the of attached Securities pursuant to a writ of execution. The provisions of this Chapter do not apply to the direct execution of the enforceable provisions of the transfer of ownership of a Security. The subject of the mandatory execution must be listed Securities on the Exchange, regardless of their Issuer, or not listed on the Exchange, whenever the Register of shareholders or the Register of Securities holders is deposited with a Kuwaiti entity.
Article 12-1-2	The provisions of Chapter Ten of the Eleventh Module of the Executive Bylaws "Dealing in Securities" shall apply to matters on cases. The provisions of the aforementioned Chapter Ten shall take prevail in the event of any conflict with the provisions of this Chapter.
Article 12-2	**Receiving the writ of execution and setting the date for the sale.**
Article 12-2-1	The mandatory execution procedures begin upon the Exchange's receipt of the sales requests from the General Department of Execution.
Article 12-2-2	The General Department of Execution shall deliver the sales application according to a report issued by the execution officer, along with the following documents: a. Original copy of the served writ of execution. b. Original copy of the attached entity's report of what it holds in its custody. c. Original copy of the attachment report of execution. The Exchange may - upon receiving the application - request documents from the execution's applicant's other requirements it deems necessary to complete the sale process.
Article 12-2-3	The execution's applicant must pay the fees for receiving the execution case for the Exchange, which are determined at the amount of 200 Kuwaiti dinars, provided that these fees are deducted from the Exchange commissions if it exceeds it, this amount is non-refundable in the event of suspension or the cancelation of the sale procedures, or if the Exchange commissions are less than this amount.
Article 12-2-4	The Exchange - after receiving the sale's application and obtaining the application fees- shall determine the date of the sale, within a period not exceeding sixty days from the date of receiving the request to the Exchange, provided that all the requirements necessary to complete the sale process are met, the Exchange may postpone the date of the sale whenever the need arises, provided that the General Department of Execution is notified of the postponement of the date. In all cases, the suspension periods received from the General Department of Execution are not counted within this period.
Article 12-3	**Appointing Sales Conductor**

Chapter Twelve

Mandatory Execution on Securities

Article 12-3-1	The Exchange shall appoint sales conductor from the Listed Brokers, The selection is based on the role according to the Register prepared for this purpose at the Exchange.
Article 12-3-2	The sales conductor shall be assigned the task of selling all the seized Securities in the execution case, unless the Exchange considers that assigning the execution case to more than one sales conductor achieves the interest of the execution parties. In the event of conflict of interests with the sales conductor and the sale procedures, the sales conductor must notify the Exchange within three working days from the date of becoming aware of its assignment, and in this case, the Exchange shall select another licensed broker as sales conductor.
Article 12-4	**Determination of Sales Medium**
Article 12-4-1	a. The sale medium of listed Securities, which are subject to sale by execution, shall be through the Exchange Trading System. b. The sale medium of Securities which are unlisted or suspended from trading and are subject to sale by execution shall be through Auction on the OTC trading platform in the Exchange or through regular Auction sessions in the Exchange In the event that the Trading System for unlisted Securities does not apply to it. The Exchange may specify other mediums for selling listed, unlisted, or suspended securities, and the Exchange sets the conditions and procedures for selling by the method it determines, and announces the sale, including its conditions and procedures, through publication on the Exchange's website, ten days before the date specified for the sale on a daily basis. In this case, the sales conductor shall issue a report that states the procedures and details of the sale.
Article 12-4-2	If the status of the Securities has changed from a listed Security to an unlisted Security or vice versa after setting the sale date and before it takes place, the sale shall be subject to procedures that are compatible with the condition of the Securities at the time of the sale, unless the Exchange decides to set a new date for the sale or seeking other requirements.
Article 12-4-3	In the event that the Company issuing the Securities subject of the sale reduces its capital, or in the event of disbursement of any rights such as profits or a determination of rights issue for subscription, after the seized person issues the report including what is owed, the sale of the Securities takes place after reducing the capital or laden with the rights assigned to it, and in In this case, the seizer is obligated to notify the Exchange of any change in the Securities before announcing the sale date on the website.

	And if the situation stipulated in the previous paragraph regarding the rights report on the Securities subject to execution occurs after publishing the sale announcement on the Exchange's website and before making the sale, the execution applicant may submit a request to the General Department of Execution to complete the sale process until the debt is settled.
Article 12-5	**Open a Temporary Trading Account**
Article 12-5-1	The Exchange shall notify the Clearing Agency to open a temporary account to carry out the sale under the name (Ministry of Justice - General Department of Execution - Indebtedness (the name of the debtor), and the clearing agency shall, within three working days, notify the Exchange of the temporary account number.
Article 12-6	**Announcement of Sale on the Exchanges' Website**
Article 12-6-1	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 announcement of the sale includes the following data: a. Days, hours and place of sale. B. The name of the Security (type and quantity). c. The place of sale in the event that another means of sale is used other than selling through Trading Systems. D. Terms of sale (if any). The Exchange may add to the announcement of the sale of Securities any other data it deems necessary.
Article 12-7	**Procedures for Selling Securities Through Trading Systems**
Article 12-7-1	The sales conductor shall directly proceed with the procedures of selling the Securities subject to execution at the specified date and whose statement is published on the Exchange's website, and through the sale method stipulated in Article (12-4-1) of the rulebook.
Article 12-7-2	The sales conductor shall ascertain the best price for selling these Securities in a way that does not affect the trading process in the Exchange.
Article 12-7-3	In the event that the days of sale expire without the sales conductor being able to sell all or some of the quantity of the Securities subject to execution, the sales conductor must notify the Exchange of that, and the Exchange must notify the General Department of Execution to set another date for completing the sale process, and the General Department of Execution may - at the request of the concerned parties - extend the sale period. Until the completion of the sale of the Securities subject to execution.

Article 12-7-4	The sales conductor shall proceed with the offer of the Securities subject to execution at the beginning of the trading session of the specified day and shall - as much as possible - commit to not to sell Securities that exceed the value of the debt, The excess amount shall revert to the debtor unless it relates to rights of other creditors.
Article 12-7-5	The Exchange, if it so determines, may request the sales conductor to divide the sale of the Securities subject of execution into more than one trading session, within a period not exceeding three working days.
Article 12-7-6	If the Securities are not listed and are not subject to the OTC platform, 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, and in the event that the base price cannot be determined according to the two aforementioned methods, the Par Value of the share shall be considered the base price, provided that the license of the selling company is valid at the Ministry of Commerce and Industry, and the Exchange shall be notified of its report containing the base price within five working days from the date the Exchange sets it.
Article 12-7-7	In the event of a sale by regular auction, the sale conductor assigned to the sale must record in the sales minutes all of the sale procedures and the objections and obstacles it encountered and what was taken into that regard, as well as the presence or absence of each of the representative of the Exchange, the seizer and the seized person, and their signature if they were present, or their refusal to sign. The names of the bidders, the domicile of each of them, place of work, the prices offered by them, and their signatures or their refusal to sign, shall be recorded. The sales conductor publicly announce and record it in the sales minutes, and if no one comes forward to buy the Securities at their estimated value in accordance with Article (12-7-6) of these Rules, the sale period shall be extended to the next day if it is not a holiday or to the first working day after the holiday. If a buyer does not come forward with the estimated value, the sale will be postponed to another day, and then it will be sold to whoever wins the auction, even for a price less than what was valued. The Exchange shall notify the General Department of Execution of the sale of unlisted Securities through the regular auction accompanied by the sale minutes.
Article 12-8	The sale of unlisted Securities through regular bidding on the Exchange is considered dependent on the condition that the execution judge approves the sale, and notifies the Clearing Agency, the sales conductor and the Exchange of such.
Article 12-9	**General Provisions**
Article 12-9-1	The Clearing Agency shall take settlement and clearing procedures, make the necessary adjustments in the record of Securities holders, and deposit the sale

	proceeds in the treasury of the General Department of Execution, after deducting the expenses of executing the sale process. The General Department of Execution may carry out its affairs in distributing the proceeds of the sale in accordance with the provisions of the law.
Article 12-9-2	Execution expenses for the trading commissions applied at the Exchange are calculated according to the type of Security, and these commissions are distributed between the sales conductor, the Exchange and the Clearing Agency according to the rules in force in the Exchange.
Article 12-9-3	The execution judge and the Authority have the right to notify the Exchange to stop the sale procedures in advance of date whenever reasons for such stop appear, and the Exchange shall notify the sales conductor of that.
Article 12-9-4	In the event the Exchange discovers that there is a technical defect in the Trading Systems or the brokers system during the sale of Securities, 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.
Article 12-9-5	The Exchange may develop electronic systems to allow the receipt of execution cases, and correspondence between the General Department of Execution, the Exchange, the Clearing Agency and brokers, as well as the rest of the execution parties.
Article 12-9-6	The Exchange or the Clearing Agency shall not be liable except within the limits 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 implementing the instructions or orders of the General Department of Execution, and the same provision applies to the sales conductor.