The Executive Bylaws

Module Eleven

Dealing in Securities

هيئة أسواق المال

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Chapter One
General Provisions

Scope of Application

Article 1-1

The provisions of this Chapter shall be applied to Securities regardless of their form or purpose. The Collective Investment Scheme units that shall apply to the provisions of Chapter Three (Valuation of In-Kind Shares (Tangible and Intangible Shares)), Chapter Nine (Pledge of Securities), Chapter Ten (Attachment of Securities), and Appendix (1) of the Real Estate Assets Valuation of this Module shall be exempted from such provisions.

Article 1-2

The fees stipulated in Module Two (Capital Markets Authority) of these Bylaws shall be paid upon submitting the requests regulated by this Module to the Authority.

Chapter Two
Securities Issue, Initial Offering, or Cancellation

General Provisions

Article 2-1

No Securities may be issued, either directly or indirectly, offered, or cancelled unless approved by the Authority.

Approving the Securities Issue Program is considered an approval of all the Issue Tranches within the program, provided that the Authority shall be notified two Business Days prior to the issuance of each tranche within the program, and that the issuance process shall be executed within the program's cap and its terms and conditions.

Article 2-2

Bonds and Sukuks may be issued on tranches within the Issue Program, provided that the request of the program shall be submitted as stipulated in Articles (2-7) and (2-8), and that the issuance of the first tranche of the program shall be in accordance with the timeline stipulated in Article (2-13) of this Module.

Article 2-3

Financial derivatives that are related to the interest rates relevant to the Kuwaiti Dinar or the foreign exchange rates of Kuwaiti Dinar may not be issued unless approved by the Central Bank.

Article 2-4

The Authority studies the requests and the cases of marketing the Securities incorporated outside the State of Kuwait to decide which of them shall be included as a Collective Investment Scheme that apply to the provisions of Module Thirteen (Collective Investment Schemes), or marketing foreign shares/debt instruments that apply to the provisions of Module Eleven (Dealing in Securities) of these Bylaws.

Article 2-5

In the event that the Issuer or the Obligor is one of the Units Subject to the Supervision of the Central Bank, it shall obtain the Central Bank's approval, while a Foreign Issuer shall obtain all the necessary approvals of the Regulatory Bodies in the country of incorporation.

Meeting the conditions for the issuance or offering of Securities by an Issuer or Obligor shall not entail any rights thereof to be given a license for issuing, offering, trading or marketing those Securities.

Article 2-6

Bonds and *Sukuk* may be directly issued by the Obligor or indirectly by a Special Purpose Vehicle Company wherein the Bonds and *Sukuk* are issued by that company rather than by the Obligor itself.

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Submission of Issue or Offering Application

Article 2-7

Applications for the issuance or offering of Securities shall be submitted to the Authority through the form designed for this purpose, and shall include the following information:

1. Description of the Securities to be issued or offered.
2. Statement of the kind of subscription, whether it is a Public Offer or Private, and the expected subscription opening and closing dates.
3. Main purposes and grounds for the Securities' issue or offering.
4. Estimated fees, costs and charges for the process of the issue or offer and any relevant actions.
5. If the Securities are ordinary Shares with Share premium, the value of the Share premium or the fair value of the Share shall be indicated in the event of offering, based on a report issued by an Investment Advisor or Asset Valuator that is licensed by the Authority. This value shall serve as guidance for the company's Board of Directors and the general assembly of the company.
6. In the case of Bonds or *Sukuk*, the application for issue or offering shall set out the terms and conditions for redemption.
7. In the event that the Bonds or *Sukuk* are Convertible into Shares, the application for issuance or offering shall state the terms, conditions and procedures for their conversion into shares.
8. Information and data of the Issuer, Obligor, Subscription Agent, Investment Advisor, Obligor, Credit Rating Agency, and of any personal or in-kind guarantees.
9. Information concerning any legal action by or against the Issuer, Obligor or guarantor in case of a guaranteed issue for Bonds or *Sukuk*.
10. Any further information required by the Authority.

Article 2-8

The application for issuance or offering of Securities shall be accompanied by the following documents:

First: General requirements:

1. The form prepared for submitting the application in the allocated appendix of this Module.
2. A copy of any existing or upcoming agreements entered into between the Issuer and all parties relevant to the process of issuing or offering the Securities for the purpose of issuing or offering if any.
3. A copy of the Memorandum and Articles of Association of the Issuer and Obligor and any amendments thereto.
4. A copy of the commercial register or license certificate or any other similar documents of the Issuer and Obligor.
5. The audited annual financial statements of the Issuer and Obligor, if any, for the last three financial years before the application submission date, unless the Securities are issued for subscription in the Issuer's capital upon its incorporation. In the event that the Issuer and Obligor or any of them was founded less than three financial years ago, the financial statements of the provisional period or periods elapsed shall be submitted before the application submission date. Additionally, the quarterly reviewed financial statements shall be submitted in the event that a period of more than six months has elapsed from the last annual audited financial statements prior to the application submission date.
6. A copy of the minutes of meeting of the Board of Directors including a recommendation regarding issuing the Security and providing details according to the nature of Security and statement of the Pre-Emptive Rights and meeting any other internal approvals according to the Articles of Association of the Issuer and Obligor.
7. A copy of the agreement concluded with the Underwriter, if any.

Article 2-8

8. The Central Bank's approval of the units subject to its supervision.
9. The approval of the regulatory bodies in the country of establishment, if the Issuer or Obligor was foreign.
10. A copy of the opinion of the External Sharia Audit Office regarding issuance or offering in accordance with the Sharia Standards.
11. A detailed table clarifying the issuances or offerings of Securities by the Issuer and Obligor for the last five years.
12. Details of any legal measures taken by or against the Issuer or Obligor.
13. Any further documents may be required by the Authority.

Second: Requirements according to the nature of Security:

a. Issuing or offering ordinary Shares:
   1. In the case of a Share premium, a report issued by an Investment Advisor or Asset Valuator licensed by the Authority shall be submitted, indicating the basis and calculation method of the Share premium..
   2. In the case of an offering, a report issued by an Investment Advisor or Asset Valuator licensed by the Authority shall be submitted, indicating the basis and calculation method of the fair value of the Share.

b. Issuing or offering Preferred Shares:
   1. A statement of an accounted classification of the Preferred Shares by an Auditor in accordance with the International Financial Reporting Standards and classify them legally by a legal advisor in accordance with the laws and regulations. The Authority may require the Issuer to re-classify such Shares.
   2. The approval of the Board of Directors of the company into whose Shares the Preferred Shares shall be converted and the approval of the company's general assembly, as the case may be and in accordance with the company's Memorandum of Association, to increase the issued capital of the company for the purpose of making available the Shares required for converting the Preferred Shares pursuant to this Module.
   3. A copy of the Company Contract for which shares are convertible, if any.

c. Issuing or offering Bonds or Sukuks:
   1. A copy of the minutes of meeting of the General Assembly, as the case may be, of the Issuer and Obligor, if any, including the issuance of a resolution regarding the approval of the General Assembly on issuing Bonds and Sukuks.
   2. A copy of the report of Credit Rating or Preliminary Credit Rating.
   3. A real estate Appraisal Report shall be issued pursuant to Appendix 1 of this Module if the intended Securities are Bonds and Sukuk secured by real estate assets.
   4. A copy of the resolution of the Board of Directors or competent fund's Administrative Authority by the Obligor, approving the Security of the Bonds or Sukuk if the Securities are secured Bonds or Sukuk.
   5. Approval of the Board of Directors of the company into whose Shares the Bonds or Sukuk shall be converted to, and the approval of the company's General Assembly, as the case may be, in accordance with the company's Memorandum of Association to increase the capital for the purpose of making available the Shares required for converting the Bonds or Sukuk, pursuant to this Module.
   6. A copy of the Company Contract for which Shares are convertible, if any.
   7. In the event of issuing green, social, or sustainability Bonds or Sukuks, the requirements of Articles (11-28) and (12-23) of this Module shall be submitted according to the status of the request.

Any further documents or information that may be required by the Authority shall be submitted.

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Article 2-9

The request of cancelling the Securities shall be submitted according to the form allocated for this purpose and in compliance with the provisions of Chapter Fifteen of this Module. The following documents shall be attached:

General requirements:

1. A copy of the audited annual financial statements and a copy of the reviewed quarterly financial statements in the event that six months has elapsed since the expiration date of the last financial year.
2. A copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.
3. A copy of the minutes of meeting of the company's Board of Directors indicating the reasons and the method of cancelling the Securities.
4. Any further documents may be required by the Authority.

Conditions of cancelling ordinary Shares:

1. Submitting a detailed table clarifying the status of the company's capital for the last five years, and the notation in the commercial register for each.
2. In case the reduction was due to having capital more than the company's need, the company shall submit a statement showing that it paid all financial obligations on time, and that it has sufficient cash balance to pay any amounts required in the future.
3. In case the reduction was due to amortizing the accumulated losses of the company, the company's Board of Directors shall submit a report indicating the reasons of the losses, the impact of capital reduction on the company and the shareholders, and the risk factors associated with the reduction and the necessary measures.
4. In the event of restructuring, a study shall be submitted on the capital restructuring and its impact on the company's financial condition and clarify the company's financial position before and after the restructuring.

Approval for Issue, Offering, or Cancellation

Article 2-10

The Authority shall decide upon the application of the Securities issue, offering or cancellation within thirty days at most from the date of the submission of duly completed documents and information as required by the Authority.

Article 2-11

If the Authority finds reasonable grounds for disapproving a Securities issue, offering, or cancellation, it shall notify the company in writing of its resolution and the grounds upon which the decision is based within the period referred to in Article (2-10) in this Module.

Article 2-12

The issuer shall submit a request to the Authority to update the approval of the Issue Program at the occurrence of any change or update on the program's terms and conditions.

Time Frame of Issue, Offering, or Cancellation

Article 2-13

Issuance, offering, subscription and allocation of Securities shall be within a period of six months at most from the date of the Authority's approval for the Issue Program, issuance, or offering. The Authority may extend the said period in the event that it finds reasonable justification for such extension.

The process of cancelling Securities shall be within a period of 3 months at most from the date of the Authority's approval. The Authority may extend the said period in the event that it finds reasonable justification for such extension.

Article 2-14

The Issuer or the Subscription Agent shall notify the Authority of issuing a tranche within the Issue Program two Business Days prior to the issue date, provided that the notification shall include the following:

1. Issue size.
2. Statement of the current condition of the program, the issued tranche, and the paid tranches until the notification date of the issue.
3. Submitting a copy of the current credit rating report of the Issuer and Obligor.
4. A copy of the minutes of the last meeting of the Bondholders or Sukukholders (if any).
5. Statement of the type of subscription.
6. Supplementary Prospectus (if any).

Continuing Obligations for Foreign Issuers

Article 2-15

In addition to the continuing obligations stipulated in these Bylaws, a foreign Issuer or Obligor shall:

1. Notify the Authority directly in the event that any provision in this Module contradict any provision stipulated by a securities regulatory authority to which the foreign Issuer or Obligor is subject, to enable the Authority to take any further resolutions or steps required, including the exclusion of the Securities issuance from any provision stipulated in this Module.
2. Provide any information and documents to the Authority which have been notified and submitted to the securities regulatory authority in the country of incorporation.
3. Report immediately to the Authority any amendment of any law, legislation, or regulation in the country of incorporation that may affect its obligations arising from the Securities and its ability to meet such obligations.
4. Notify the Authority immediately of any disciplinary action taken against it by a securities regulatory authority in the country of incorporation.

Chapter Three
Valuation of In-Kind Shares (Tangible and Intangible Shares)

Valuation Guidelines

Article 3-1

If a company's capital consists of shares in kind upon incorporation or upon the increase of its capital, or if the subscription price for a security is partly or wholly not cash, i.e. in kind, such shares in kind or non-cash subscription price shall be evaluated by one of the Asset Valuators licensed by the Authority, in accordance with the principles and regulations stated in the following articles.

Article 3-2

Asset Valuators licensed by the Authority shall evaluate the assets indicated in Article (3-1) in this Module, in response to an application of the Issuer or the Issuer's founders or pursuant to a court mandate if such assets are evaluated for forced sale. Regulatory Bodies' approval of the appointed Asset Valuator and the appraiser's report is not required.

Appraisal may not be assigned to the Issuer's Auditor or another Auditor which is a party to the Issuer.

Article 3-3

Real estate located in or out Kuwait shall be evaluated in accordance with the appraisal mechanism followed by the Authority, hereinafter referred to in Appendix 1.

Article 3-4

Excluding the cases where the appraisal is conducted pursuant to a court mandate, the Ministry shall be notified of such appraisal to verify it is conducted by an Asset Valuator, who is licensed by the Authority. Neither the Authority nor the Ministry shall assume responsibility for the contents of an appraisal's report.

Responsibilities of the Asset Valuator, Issuer and Obligor

Article 3-5

An Asset Valuator shall be liable for any professional negligence or mistakes relevant to its conclusions within the limits of the information available to it.

Article 3-6

An Issuer, Obligor or offeror, as per each case individually, shall provide the Asset Valuator with all the required information. The managers of the Issuer, Obligor or offeror, as per each case individually, shall be held liable for any non-disclosure of information or the submission of incorrect information in this regard.

Chapter Four
Credit Rating

Article 4-1

An Issuer or Obligor shall submit one or more reports on a proposed issue of Bonds and *Sukuk* issued by a Credit Rating Agency.

The credit rating report shall specify the type of Securities for which investors shall be invited to subscribe.

Excluding Bonds and *Sukuk* Public Offer, the Authority may exempt in whole or in part any entity from the provisions of this chapter.

Credit Rating Report

Article 4-2

The final report of a credit rating of Bonds and Sukuk shall be delivered to the Authority upon the submission of the application for their issue. If the final report of credit rating is not available, the Authority may accept a Preliminary Credit Rating report instead, provided that the final copy of the rating report shall be submitted to the Authority as soon as it is available.

Article 4-3

In respect of a Public Offer, the Authority may disapprove an issue application if the credit rating report raises doubts as to the ability of the Issuer or Obligor to meet its obligation towards the Bondholders.

Article 4-4

The Authority may commit the Issuer or Obligor, as per each case individually, to enter into an agreement with a Credit Rating Agency to prepare an annual credit rating report for the Bonds or *Sukuk* to the date set by the Authority. In such case, the Issuer or Obligor shall continuously provide the Credit Rating Agency with the information needed on a timely basis. The credit rating report shall be regularly sent to the holders of Bonds and *Sukuk*. The Issuer or Obligor may not change a Credit Rating Agency unless approved by the Authority.

Chapter Five
Securities Subscription

General Provisions

Article 5-1

No person may issue an invitation to subscribe in a Security, either upon issuance or by offering, unless the issuance or offering complies with the information and procedures stipulated in the Law and these Bylaws and is approved by the Authority. The Authority studies the requests and the cases of marketing the securities incorporated outside the State of Kuwait to decide which of them shall be included as a Collective Investment Scheme that apply to the provisions of Module Thirteen (Collective Investment Schemes) of these Bylaws.

Article 5-2

The Authority may exempt from including in a Prospectus the statements and information referred to in this Module; and it may exempt from including some documents, declarations, or disclosures if the nature of the issuance or offer or type of Securities requires so.

Article 5-3

The Authority may require the inclusion in the Prospectus of information further to the data and information set out in this Module.

Article 5-4

Pursuant to Article (5-7) in this Module, persons in charge of a Prospectus shall jointly indemnify any Person that may incur any damages resulting from incorrect or non-accurate information therein or as a consequence of negligence concerning any data or information required to be included.

Article 5-5

Except for Preferred Shares and the Collective Investment Schemes which includes Special Purpose Vehicle Companies related to it, Shares may be issued or offered for subscription without compliance with the provisions of Article (5-1) of this Module in the following cases:

1. An invitation to no more than fifty Persons for subscription of Shares in Kuwait.
2. Issuance or offering of Shares of no more than KWD 1,000,000 within twelve months from the last date of issue.
3. Issuance of Shares of no more than 10% of the last issue of the same class of Shares within a period of no more than twelve months.
4. Issuance of bonus Shares to be distributed among shareholders as a dividend.
5. Issuance of Shares within the framework of an employees' stock option plan.
6. Issuance of Shares for the benefit of the Issuer's creditors for the purpose of restructure the Issuer's debts.
7. Any other cases determined by the Authority.

No promotion through the mass media for an issuance or offering shall be permitted in the cases stated in this Article unless the Authority decides otherwise.

Contents of a Public Offer Prospectus

Article 5-6

A Public Offer Prospectus shall include all information that may enable investors to evaluate the Issuer's financial status and future prospects and the rights arising from the Securities offered, in accordance with the nature of issue or offering and nature of the Securities. The Public Offer Prospectus shall consist, in particular, of the following details:

1. An index of the contents of the Prospectus.
2. The name and address of the Subscription Agent. In the event that the Issuer is not the Subscription Agent a further statement of the rights, obligations and duties of the Subscription Agent.
3. Amount of Securities issued or offered.
4. Subscription opening and closing dates.
5. Subscription minimum limit.
6. Detailed description of the risks related to subscribing in the Securities.
7. Detailed statement of the use of the proceeds of the issuance.
8. Procedures for returning money to subscribers if their applications are not approved either wholly or partially and a statement of the repayment schedule and indemnifications resulting from any delay in repayment of the subscription money in the event that the issue be cancelled.
9. A statement that the Prospectus has been prepared in accordance with the applicable Law and these Bylaws and approved by the Authority.
10. A statement of the Central Bank's approval of the issue or offering for the Units Subject to the Supervision of the Central Bank.
11. Declaration that the Authority shall not be a party to any claim related to damages arising from a Prospectus approved by the Authority.
12. Representation by the Issuer and Obligor which states that they assume responsibility in the event that the information included in the Prospectus is incorrect, that the Prospectus does not omit any Material Information and that it is based upon accurate data and information.
13. Representation by the Issuer or Subscription Agent (if any) that the requirements and necessary procedures are met, and all the documents required in the Prospectus are submitted in accordance with the Authority's Law and these Bylaws.
14. Statement setting out the Islamic Sharia opinion if the Securities comply with the Islamic provisions.
15. Statement of the Board of Directors of the Issuer and Obligor confirming that all the information shown in the Prospectus is complete, accurate and true, that the statement is issued after due diligence, that disclosure is made of all information relating to the Securities, Issuer, Obligor and guarantor for the purpose of deciding whether to subscribe in such Securities or not and that all the provisions of this Module, Law and Bylaws, Companies Law and its Executive Regulations and the laws and instructions issued by the Authority are complied with.
16. Representation of the legal advisor of the Issuer or Obligor certifying that he has reviewed the Prospectus and relevant documents and ensured that they comply with the relevant legal requirements and that the Obligor has obtained all the approvals required to ensure the validity and effectiveness of its obligations.

17. If the Prospectus includes a technical statement made by an expert or a Licensed Person or a Registered Person, the Prospectus shall include a reference to the approval of the person who prepared such technical statement that it may be included in the Prospectus.
18. An explicit notice as follows: "We recommend that you seek advice of an appropriately qualified Licensed Person regarding the contents of this Prospectus before deciding to take part in the subscription".
19. The subscription fees or estimated fees, together with the person responsible for paying these fees.
20. Copy of the Memorandum of Association and Articles of Association of the Issuer.
21. A statement of the names of the Persons in charge of supervising the Issuer directly or indirectly.
22. In the event of pricing Securities through the Book Building Mechanism, it is necessary to disclose the price range or the interest/return rate cap (as the case may be) and the duration of building the orders' register. When determining the final price, it shall be reflected in the final Prospectus.

Persons Responsible for a Public Offer Prospectus

Article 5-7

A Public Offer Prospectus shall include information about the persons in charge of the Prospectus, as follows:

1. The Issuer and any Member of a Board of Directors of the Issuer.
2. Subscription Agent, if any.
3. Any Person with responsibility for the contents of the Prospectus.

Securities Information

Article 5-8

A Public Offer Prospectus shall include the details of the Securities to be offered as follows:

1. Number and class of the Securities offered.
2. Purpose of issuing such Securities.
3. Statement of the rights arising from Securities in accordance with the details included in Article (5-9) in this Module.
4. Procedures and the period for exercising Pre-emptive Rights related to Securities, and the means of disposal of such rights without prejudice to the provision of Article (5-9) of this Module, and mentioning the risks associated with purchasing the Pre-emptive Rights in the case of withdrawing from the subscription for Listed Companies.
5. Steps and procedures in the event that the subscription is not covered.
6. Time frame for listing and trading Pre-emptive Rights in the case of a Listed Company.
7. Statement of the convertibility of the Securities' to other forms of Securities.
8. Brief description of any restrictions on dealing in offered Securities and any future arrangements for dealing therein.
9. Statement whether the Securities offered are listed on an Exchange or will be listed.
10. Period of time for allocation of subscribed Securities.
11. Any other requirements, conditions, or regulations specified by the Authority.

All the procedures of listing Security at the Exchange must be met before applying for the approval of the Prospectus by the Authority, unless the same Security is listed in the Exchange, and state that in the Prospectus. Public Offerings that take place at the company's establishment shall be exempt therefrom.

Article 5-9

Rights arising from Securities shall include the following:

1. In the case of issuing or offering ordinary Shares, the rights arising from such shares shall be as follows:
   a. Attending the general assemblies and voting on their resolutions.
   b. Distribution of profits.
   c. Pre-emptive rights in the new equity subscription.
   d. Rights upon the company's liquidation.
   e. Any other rights provided for in the Companies law.
2. In the case of issuing or offering Preferred Shares, the relevant rights shall include the following:
   a. Profits to be distributed among the holders of Preferred Shares, with provisions determining the periods of distribution of dividends.
   b. Any restrictions on payment of dividends for Shares.
   c. Rights of the holders of Preferred Shares concerning voting, profits, liquidation proceeds of the company and any other rights.
   d. Terms and conditions to redeem convertible Preferred Share.
   e. Terms and conditions for the conversion of Preferred Shares into ordinary Shares.
   f. Procedure for exercising rights relating to Preferred Shares before and after being converted.
   g. Disclaimer of liability stated in Article (13-8) in this Module.
3. In the event of offering Pre-emptive Rights, the shareholder to whom those rights are assigned may dispose of them by one or both of the following means:
   a. Trading all or part of the Pre-emptive Rights pursuant to the Exchange's rules.
   b. Waiving the Pre-emptive Rights to another shareholder or others without return, pursuant to the rules of the Exchange and the Clearing Agency.

   In all cases, anyone disposing of the Pre-emptive Rights as explained above shall not be entitled to subscribe to these rights, with their subscribtion to the disposed rights deemed null. Nevertheless, the person who receives the Pre-emptive Rights shall have the right to subscribe to the shares assigned to these rights, and shall be entitled to dispose of the rights as stipulated in this item until at least five Business Days from the date of subscription closure.
4. In the case of issuing or offering Bonds, Sukuk or any other debt instruments, the rights arising from such shares shall be as follows :
   a. Payable returns.
   b. Date of payment.
   c. Payment of debt principal.
   d. Provisions of formation and operation of the Bondsholders and Sukukholders Association.
   e. Events which would lead to the acceleration of the redemption of Bonds and Sukuk.
   f. Terms and conditions of converting Bonds and Sukuk into ordinary Shares.
   g. Rights of the Bondholders and Sukukholders, in the event that the Issuer or Obligor is bankrupt, wound up, liquidated, or failed to meet the payments.

Article 5-10

A Public Offer Prospectus shall include the following information concerning the Issuer:

1. Issuer's name, address and date of incorporation.
2. Issuer's legal form.
3. Issuer's issued and paid capital.
4. Number and detail of any Securities previously issued by the Issuer.
5. Brief description of the Group of which the Issuer is a member, if any, and the place occupied accordingly in such Group.
6. Statement of the names of the shareholders who hold 5% or more of the shares in the capital of the issuer, showing the percentage of shares held by each of them.
7. Audited and approved financial statements for the last three years preceding the date of applying for the approval of the Prospectus. In the event that more than nine months has elapsed from the date of the last approved financial statements, the submission of financial statements updated for this period and reviewed by an Auditor shall be required.
8. Statement of the distribution of the Issuer's profits for the last five years preceding the date of applying for the approval of the Prospectus, inclusive of the value and kind of the shares distributed.
9. Brief description of the transactions carried out or to be carried out by any Related Parties.
10. Names and positions of the members of the Issuer's Board of Directors or of the Board of the entity managing the Issuer.
11. The financial and in-kind benefits given to the members of the Issuer's Board of Directors or of the Board of the entity managing the Issuer during the financial year preceding the application for the approval of the Prospectus, and the estimated value of the benefits intended to be given to them in the financial year of subscription.
12. Number and class of Shares owned by each Member of a Board of Directors of the Issuer in the Issuer's capital.
13. Resume of each present or proposed Member of a Board of Directors of the Issuer and the nature of any family relationships between the Members of the Board of Directors.
14. Statement of any other position occupied by any Member of a Board of Directors of the Issuer.
15. Detailed description of the Issuer's main activities as follows:
    a. Description of the Issuer's main activities and any further exceptional factors that have a substantial effect on these activities.
    b. Statement of specific clients or suppliers and patents, intellectual property rights, licenses or private contracts which have a major significance for the Issuer's activity.
    c. Information of the Issuer's current investments, if any, and their relevant risks.
    d. Information of claims, judicial actions or arbitration procedures, whether considered, suspended or alleged to be taken against the Issuer or any of its Subsidiary Companies, which may have substantial effect on its financial position.
    e. Basic information of all the main contracts of the Issuer or the Issuer's Subsidiary Companies within the two years preceding the date of applying for approving the Prospectus and the parties of these contracts, provided that routine contracts entered into within the ordinary course of the Issuer's business are not included.

Issuer Information

Article 5-11

Contents of Private Placement Prospectus

If an invitation to subscribe is limited to Professional Clients or a specific category of clients or definite Person or Persons approved by the Authority, a Private Placement Prospectus may be prepared regardless of the provisions of the Articles from (5-6) to (5-10) of this Module, provided that the Private Placement Prospectus includes the following information:

1. Issuer's name, address and date of incorporation.
2. Subscription Agent's name and address, if the Issuer is not the Subscription Agent.
3. Subscription period.
4. Subscription minimum, if any.
5. Types of investors eligible for subscription.
6. Details of the intended use of the proceeds of the issue.
7. Statement that the Prospectus has been prepared in accordance with the Law and these Bylaws and approved by the Authority.
8. Statement of the Central Bank's approval for the issue by Units Subject to the Supervision of the Central Bank.
9. Statement that the Authority shall not be a party to any claim of damages arising from a Prospectus approved by the Authority.
10. Representation of the Issuer and Obligor, to assume responsibility in case the information included in the Prospectus proves to be incorrect, that the Prospectus does not omit any Material Information and that it is based on factual information and details.
11. Representation by the Issuer or Subscription Agent (if any) that the requirements and necessary procedures are met, and all the documents required in the Prospectus are submitted in accordance with the Authority's Law and its Bylaws.
12. Statement of the Board of Directors of the Issuer and Obligor confirming that all the information shown in the Prospectus is complete, accurate and true, that the statement is issued with due care, that all information relevant to Securities, Issuer, Obligor is disclosed to the investors for the purpose of deciding whether to subscribe in such Securities or not and that all the provisions of this Module, Law and Bylaws, Companies Law and its Executive Regulations and the laws and instructions issued by the Authority are complied with.
13. Representation of the legal advisor of the Issuer or Obligor, certifying that he has reviewed the Prospectus and relevant documents and ensured that they comply with the relevant legal requirements, and that the Obligor has obtained all the approvals required to ensure the validity and effectiveness of its obligations.
14. An explicit notice as follows: "We recommend that you seek advice of an appropriately qualified Licensed Person regarding the contents of this Prospectus before deciding to take part in the subscription".
15. Brief description of the transactions carried out or to be carried out by the Related Parties.
16. Details of the offered Securities as follows:
    a. Number and class of the Securities offered.
    b. Statement of the rights arising from Securities, based on the details included in Article (5-9) in this Module.
    c. Brief description of any restrictions on Trading of the Securities being offered and any future measures concerning Trading thereof.
    d. Purpose of issuing such Securities.

17. The Private Placement Prospectus shall include the following information concerning the Issuer:
    a. Number and detail of any Securities previously issued by the Issuer.
    b. Audited and approved financial statements for the last three years preceding the date of applying for the approval of the Prospectus. In the event that more than nine months has elapsed from the date of the last approved financial statements, the submission of financial statements updated for this period and reviewed by an Auditor shall be required.
18. Information of claims, judicial actions or arbitration procedures, whether considered, suspended or alleged to be taken against the Issuer or any of its Subsidiary Companies, which may have substantial effect on its financial position.
19. In the event that Securities are priced using the Book Building Mechanism, the price range or interest/return rate cap (as applicable) and the duration of building the orders' register shall be disclosed. When determining the final price, it shall be reflected in the final Prospectus.
20. If the subscription is intended to meet the requirements for listing a Security in the Exchange, the subscription Prospectus shall include summary of the study prepared by the licensed Investment Advisor or Asset Valuator indicating the fair value of the company's Share in the event of offering and the value of the Share premium (if any) upon issuance. The Prospectus shall indicate the approval of the author of such technical opinion for its inclusion in the Prospectus data.
21. Statement setting out the Islamic Sharia opinion if the Securities comply with the Islamic provisions.

Article 5-12

No promotion of Private Placement is permitted unless in compliance with the financial promotions regulations, which are set forth in Chapter Seven of Module Eight (Conduct of Business) of these Bylaws, provided that they shall not be made through mass media.

Additional Contents of a Prospectus for Bonds and *Sukuk* Convertible into Shares

Article 5-13

A Prospectus for Bonds and *Sukuk* convertible into Shares shall include the following:

1. Class of Shares into which Bonds and *Sukuk* shall be converted.
2. Rights and privileges related to such Shares.
3. Terms and conditions of conversion.
4. The total number of shares which subject to conversion rights.
5. Period during which the conversion rights may be exercised and date from which such rights can be exercised.
6. Effects of exercising conversion rights and payments related to such conversion.
7. Agreements for the transfer of conversion rights, if any.
8. Rights of the Bonds and *Sukuk*holders, in the event of bankruptcy, winding up or liquidation of the company whose shares shall be subject to conversion rights.
9. Agreements for amending subscription rate, price of the tender, number of Shares or others taking into consideration the amendment of capital of the company whose Shares are subject to the rights of conversion.

Article 5-14

In the event that the Issuer of the Bonds and *Sukuk* convertible into Shares is different from the Issuer of the Shares that they shall be converted into, the Prospectus shall include the information required by the Authority of the company, whose Shares, the Bonds and *Sukuk* shall be converted into.

Article 5-15

Prospectus shall include the information required by the Authority of the company whose Shares, the Bonds and *Sukuk* shall be converted into, as follows:

1. Authorized and issued capital, amount of Shares allocated for conversion of Bonds and *Sukuk*, term of licensing capital increase, pre-emptive rights related to capital increase and provisions and procedures for issuing such Shares.
2. Persons who exercise or may exercise direct or indirect Control, either jointly or severally, on the company and a statement of the percentages of their ownership in the capital.
3. Information of the profitability relating to the company's shares for each year during the last three financial years.
4. Percentages of dividend distributions for the last three financial years.
5. Date of profits maturity.
6. Details of any agreement under which future profits are waived or agreed upon being waived.
7. Summary of the provisions of any shareholders' agreement related to the company.

Information concerning the company, in which the company whose shares the in Bonds and *Sukuk* will be converted, in which the latter company owns not less than 10% of the paid capital, provided that such portion is not less than 5% of the net asset value of such company.

Additional Provisions for a Prospectus for Sukuk

Article 5-16

Sukuk Prospectus shall provide the following information of the *Sukuk* Assets:

1. Type and date of valuating the *Sukuk* Assets.
2. Description of the returns of the *Sukuk* Assets.
3. Location of the Assets and applicable law to related receivables.
4. Amount, value and maturity of receivables.
5. Ratio of receivables of *Sukuk* Assets upon incorporation, in the event that receivables are based on or backed by such Assets.
6. Standards for choosing Assets and details of replacement procedures.
7. Reference to any material representations submitted by the Issuer regarding Assets and receivables.
8. Origination of related Assets, investments or receivables.
9. Summary of the main conditions of insurance policies of the Asset-Backed *Sukuk*.
10. Obligors' specifications and further details required by the Authority.
11. Description of the material risks related to *Sukuk* Assets and details of methods of risk treatment and mitigation.
12. Description of sale, transfer or waiver of *Sukuk* Assets or their relevant rights to the Issuer and statement of date thereof.

Article 5-17

Sukuk Prospectus shall provide the following information, at minimum, concerning the cash flows resulting from *Sukuk* Assets:

1. Detailed description of *Sukuk* structure and cash flows.
2. Anticipated method of the Issuer's fulfilment of its obligations towards *Sukuk*holders through cash flows, including information about any credit enhancement.
3. Statement of the cases wherein cash flows are decreased, the availability of any liquidity support and any mechanism of covering risks of a profits decrease, as the case may be.
4. Investment standards relevant to investing surplus liquidity.
5. Details of how to collect payments from obligors.
6. Summary of the priority payment provisions by the Issuer to the holders of certain class of *Sukuk*, if any.
7. Details of the service provider's fees and other fees due from the Issuer to be fulfilled by the cash flows.
8. Details of any other procedures of payment to *Sukuk*holders.
9. Information about the accumulation of the financial surplus relevant to *Sukuk* structure, if any.

Article 5-18

Sukuk Prospectus shall provide the following additional information:

1. Originator's name, address and basic information.
2. Service provider's name, address and a summary of its responsibilities, its qualifications and the provisions of termination.
3. Name, address and basic information of any Obligor, and payment obligations relating to the cash flows derived from *Sukuk* Assets, as the case may be.
4. Name, address and basic information of providers of credit enhancements, as the case may be.
5. Name, address and basic information of the bank where the main accounts are opened for purposes of issuance.
6. Brief summary of the Main Sharia Contracts, structure of issuing the Sukuk issuance structure, and the conditions to be considered.
7. Brief summary of the External Sharia Auditing Office.

Article 5-19

A Prospectus of an Asset-Based *Sukuk* shall include sufficient information about the assets as deemed by the Authority which establish that the procedures proposed for sale, transfer or conversion of *Sukuk* Assets or rights and dues arising from *Sukuk* Assets to the Issuer create a true sale in accordance with these rules.

Article 5-20

Any Prospectus and other promotional material related to an Asset-Based *Sukuk* shall include an explicit reference to the fact that the terms and conditions of such *Sukuk* imply an obligation of transfer of the relevant Asset-Based *Sukuk* by means of purchase undertaking or any other form of obligation, from the Issuer to Obligor or any other Person.

Article 5-21

A *Sukuk* Prospectus shall include the eligibility of the holders of *Sukuk* for the profits of *Sukuk* Assets and redemption of *Sukuk*.

Article 5-22

A *Sukuk* Prospectus shall include information about any Guarantor similar to the information required for the Issuer and Obligor.

Approval of Prospectus

Article 5-23

The Authority shall decide on the request for approval of the subscription Prospectus within a maximum period of thirty days from the date of complete submission of the required documents and information to the Authority.

Article 5-24

The Authority may refuse approval of a Prospectus in the following cases:

1. The Prospectus does not comply with the Law or these Bylaws.
2. The Prospectus is submitted without proof of payment of the fees required.
3. The Issuer fails to provide the financial statements required by Law or any regulation or bylaw issued thereunder.
4. The prospectus includes an incorrect or incomplete statement, which may affect the subscriber's decision.

Article 5-25

In the event of a Public Offer, the Issuer shall provide the Exchange, Issuer, Subscription Agent, Obligor and Guarantor with sufficient copies of the Prospectus approved by the Authority, provided that copies of the prospectus shall be available to the public for free.

Supplementary Prospectus

Article 5-26

In the event of a substantial change or mistake or difference of information or data of the Prospectus approved by the Authority, the Issuer or Subscription Agent shall provide the Authority with a supplementary prospectus including the necessary amendments, prior to the end of the subscription period and the trading of Pre-emptive Rights period, as the case may be.

Each Subscriber shall be given a supplementary Prospectus after being approved by Authority and before the end of the subscription period. The provisions of Article (5-25) of this Module shall apply to the supplementary prospectus. Any subscriber who subscribed before being provided with the supplementary prospectus shall be entitled to withdraw from subscription. In such case, the Issuer shall return the subscription payments to the withdrawing subscriber immediately when he decides to withdraw his subscription.

Announcement of Subscription

Article 5-27

The Issuer, Subscription Agent and all Obligors, if any, shall place the Prospectus approved by the Authority on their websites to be available for printing and downloading at least two Business Days before the opening of the subscription.

And without prejudice to the provisions of the previous paragraph, a Listed Company shall publish a copy of the Prospectus on the Exchange's website.

Article 5-28

In the event of a Public Offer, it shall be advertised by publishing a summary of the Prospectus thereof in two local newspapers issued in the Arabic language and one local newspapers issued in the English language, provided that these newspapers are widely circulated, that the announcement is published at least two Business Days before the opening of subscription and that it includes the following information, at a minimum:

1. Name and number of the commercial register of the Issuer, Obligor and Guarantor, if any.
2. Securities' risks.
3. Name of the Subscription Agent, Investment Advisor, other agents or trustee (as the case may be).
4. How the public may obtain a copy of the Prospectus.
5. Statement that recommends to investors to read the contents of the Prospectus before investment, to assess relevant risks and seek professional advice.
6. Subscription applications opening and closing dates.
7. Disclaimer statement as follows:
   "The Authority or other Regulatory Bodies in Kuwait assumes no responsibility whatsoever for the contents and accuracy of this announcement or damages resulting from relying on any part of this announcement".

Article 5-29

Marketing and financial promotion materials of Securities available for public in Kuwait or targeting the investors therein, including Private Placement of Securities, shall fulfil the following conditions:

1. Comply with the rules, restrictions and obligations applicable under the Law, these Bylaws, regulations, guidance principles and instructions issued by the Authority.
2. Include an explicit statement that investor shall refer to the Prospectus for more detailed information.
3. Include the following disclaimer:
   "The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for the contents of this document and do not approve the contents thereof or verify the validity and accuracy of its contents. The Capital Markets Authority and all other Regulatory Bodies in Kuwait assume no responsibility whatsoever for any damages that may result from relying on the contents of this Prospectus either wholly or partially. It is recommended to seek the advice of an Investment Advisor".

Article 5-30

Without prejudice to the obligation of disclosure under the Law and instructions issued by the Authority, the Issuer and Obligor, if any, and any Person who undertakes any relevant role in respect of the issue, shall maintain the confidentiality of the information concerning the issue prior to the Authority's approval of issuance or announcement thereof.

The Issuer and Obligor may provide the Subscription Agent, Investment Advisor, Credit Rating Agency, agent or trustee with all information related to the issuance of the Securities for the purpose of processing the issue. These persons shall be notified in writing that such information is confidential and that they shall not deal in any Securities of the Issuer or Obligor that may be affected by the issue process, unless such information is made public.

Subscription Procedures

Article 5-31

Subscription in Securities shall be open within thirty days from the date of the Authority's approval of the subscription Prospectus and for a period not exceeding three months. The Issuer may close the subscription in the event that all the Securities offered for subscription are already subscribed for. The Issuer may keep the subscription open until the end of the subscription period. Such action shall be made clear in the Prospectus.

Article 5-32

Securities shall be subscribed by the Issuer himself or by one or more Subscription Agents or other entity approved by the Authority. Subscription payments shall be deposited in a bank account allocated for subsription at the Issuer or the Subscription Agent (if any). No withdrawals shall be made from such account unless for the purpose of transferring the total value of the subscription payments to the Issuer or returning payment to the subscribers in accordance with Article (5-47) of this Module in the event of the cancellation of the issue, unless otherwise provided for in the Prospectus.

Article 5-33

Subscription applications shall be submitted to the Subscription Agent with the required subscription payment. The receipt signed and issued by a Subscription Agent shall provide for the following information:

1. Type of Securities.
2. Name, commercial register number and headquarters address of the Issuer and Obligor.
3. Name, information (number of civil identification or commercial register), address and nationality of the applicant.
4. Subscription date.
5. Number of Securities subscribed for.
6. Paid amount of Subscription.
7. Par value of security.
8. Specific dates and terms and conditions of payment.
9. Maturity date of Preferred Shares, Bonds and *Sukuk*, if any, and the terms of their redemption.
10. Statement of collaterals, if any.
11. In the event that the Securities comprise Preferred Shares, Bonds and *Sukuk* convertible into Shares, the receipt shall state the details of Shares into which, Bonds and *Sukuk* shall be converted, and the dates wherein the Bondholders and *Sukuk*holders shall exercise the right of conversion.

The subscription by the investor shall be deemed final upon the issue of receipt by the Subscription Agent.

Subscription may be conducted electronically via any modern means of payment or communication. Subscription shall be considered complete upon the deposit of the subscription payment in the subscription account as detailed in the Prospectus.

Article 5-34

Securities not paid in full shall be registered in the name of the Subscription Agent and their payments shall be made in full by transferring such payments to the subscription account. In the event that the Issuer or Subscription Agent denies that the Securities value is paid in full, the certificate issued by the bank where the account referred-to is opened shall be relied upon for verification of payment.

Taking into account the provision of Article (5-48) of this Module, in the event that the subscriber fails to complete unpaid amount for his subscription by its due date, the Issuer shall request the Subscription Agent to sell the Securities on behalf of the subscriber, deposit the value of such sale in the account indicated in the previous paragraph of this article, transfer an amount which fulfils the unpaid value of Securities to the Issuer's account and deliver the rest of the value, if any, of the sale to the subscriber.

Article 5-35

In the event of a violation of the conditions and procedures of Securities issuance and subscription set forth in this Module, any party with a relevant interest may request the competent court to nullify the subscription and obligate the Issuer and Obligor, as the case may be, to repay the value and returns of Securities, if any, in addition to claiming for indemnification, if it is justified by law.

Pricing Securities:

Article 5-36 Securities may be priced by the Book Building Mechanism in which the orders' register shall be built through recording the requests of those who wish to subscribe from Professional Clients only within a specific price range or interest/return rate cap and during a period specified for determining the offering price or the interest / return rate of issuing Securities for subscription.

Article 5-37 The Subscription Agent is resposible for building the orders' register through presenting the Securities offered for subscription to the Professional Clients. In the event of the availability of an underwriting agreement, it should be concluded with the Underwriter before receiving the book building orders.

Article 5-38 The Subscription Agent shall determine the orders' recording period before starting the book building process.

Article 5-39 The Subscription Agent shall maintain the book building, allocation, price determination, and period's register and demonstrate all information related to subsription and any changes to the book building's register through developing a register for all the orders and procedures related to the book building process.

Article 5-40 The price range or interest/return rate cap (as the case may be) and building the orders' register shall be included in the Prospectus, and when determining the final price, it shall be reflected in the final Prospectus.

Article 5-41 The Issuer or Subscription Agent (as the case may be) shall disclose any urgent Material Information during the period of building the orders' register and shall notify all the applicants of subscription orders.

Article 5-42

The subscription orders of the Retail Clients may be received at the same time of receiving the subscription requests of the Professional Clients. The subscription requests received may be implemented in two phases, the first phase shall be for the Professional Clients pursuant to a preliminary Prospectus that determines the price range of the offered Security followed by the second phase of the Retail Clients. The final price shall be determined in accordance with the book building of the first phase. The Issuer shall announce the final price before the beginning of the subscription period of the Retail Clients so that they can subscribe according to it and as determined in the Prospectus.

Article 5-43

Creation of the subscription orders' register shall be through the subscription orders submitted by the Professional Clients only.

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Allocation and Registration

Article 5-44

Securities shall be allocated in accordance with the method set out in the Prospectus during a maximum period of five Business Days from the date of subscription closure.

The results of allocation and subscription shall be published, within the period set forth in the previous paragraph, in the same method used to publish and announce the Prospectus.

Article 5-45

Subscription shall be cancelled and subscription payments shall be repaid to subscribers as per Article (5-47) of this Module in the event that at least 50% of the Bonds and Sukuk are not covered within the subscription period, unless otherwise provided for in the Prospectus.

In the event of oversubscription for the Bonds and Sukuk, the excess shall be returned to subscribers and Bonds and Sukuk shall be allocated among them, pursuant to the Prospectus.

Article 5-46

A statement of the subscription shall be submitted to the Authority within ten Business Days of the date of subscription closure, and this statement shall state the total number, value and means of payment of Securities subscribed for, in addition to a statement of the names of subscribers and the number of Securities allocated for each subscriber. The statement shall include the following documents:

1. Certificate of the bank wherein the subscription account is opened, showing the total subscription payments deposited therein.
2. Names of Persons who subscribed for the Securities; the subscribers to whom Securities are allocated and the number of Securities allocated for each one of them; and the persons whose subscription was nullified and the reason for each such nullification.
3. Statement issued by the Clearing Agency which maintains the Securities holders' register which shows the names of subscribers, to whom the Securities are allocated, number of Securities allocated for each of them and their par value.
4. The book building requests' register.
5. A copy of the final credit rating report in the event that the Preliminary Credit Rating is approved upon submission of the request.

Article 5-47

The Issuer shall provide the Obligor and Subscription Agent with a copy of the statement referred to in Article (5-46) of this Module and its attachments. The Subscription Agent shall, within a period of no more than one Business Day following its being provided with the statement referred to and its attachments, transfer the subscription payments and any returns, if any, to the Issuer or Obligor, in accordance with the Prospectus.

In the event that the issue is cancelled, the Subscription Agent shall, within a period of not more than five Business Days from the date of the issue cancellation, return the amounts of subscription and any further returns achieved, if any, in accordance with the instructions shown in the subscription application and conditions stated in the Prospectus.

In the event that the Issuer expresses a desire to cancel the issue, it shall advertise such cancellation within a maximum period of fifteen days from the date of subscription closure. Cancellation shall be advertised the same way the Prospectusis advertised.

Article 5-48

In the event the shareholder fails to pay the due installment on the Shares within the specified period and after fifteen Business Days from being notified, the Issuer shall request the Exchange to sell such Shares in accordance with the rules it sets in this regard and pursuant to the provision of Article (155) of the Companies Law.

A notation shall be made at the Clearing Agency to not dispose of the unpaid Shares until the shareholder makes the payment on the specified dates or until they are sold by the Issuer.

Chapter Six
Central Securities Registry

Article 6-1

Securities shall be deposited at the Central Securities Depository register as stated in Article (3-6-1) of Module Four (Securities Exchanges and Clearing Agencies) of these Bylaws, the statement of holding of Securities issued by the Central Securities Depository Entity is prima facie evidence of title of the Securities and any rights arising therefrom. A statement of holding shall be delivered to each receipt holder showing the number of its Securities. In the event of pledge or attachment of Securities, the creditor pledgee and attachment creditor shall be given a receipt of Securities with annotation of pledge or attachment.

Article 6-2

Any action related to Securities not deposited with the Central Securities Depository, or not recorded in their registers in accordance with the procedures applicable by the Central Securities Depository Entity in this regard, shall not be taken into consideration.

Article 6-3

The Central Securities Depository shall - within the specific dates determined by the Authority - provide the Authority with any requested information concerning the data entered into the register of the Securities' holders kept with such Central Securities Depository.

Article 6-4

Pursuant to a complaint presented by any party with a relevant interest, or pursuant to the results of inspection procedures, the Authority may decide to maintain the register of the Securities' holders by some entity other than the Central Securities Depository. Both entities shall take the necessary actions to deliver and receive the register of the Securities' holders and the other documents showing the entries added thereto within the specific dates set by the Authority.

Form and Contents of Title Deed

Article 6-5

The statement of holding of Securities shall include the following details:

1. Name, commercial register number and headquarters address of the Issuer and Obligor.
2. Capital of the Issuer and Obligor.
3. Name of the holder of the registered Security.
4. Par value and number of security.
5. Return eligible for the security, if any, and the specific dates for paying the same.
6. Annual dividend of the security from the company's profits, if any.
7. Statement of collaterals of securities, if any.
8. Redemption conditions for Bonds and Sukuk.
9. In the event that the Securities comprise Bonds and Convertible Sukuk into Shares, the receipt shall state the dates whereon the Bondholder or Sukukholder may exercise the right of conversion, and the conditions of conversion.

Chapter Seven
Special Purpose Vehicle Companies

Article 7-1

The provisions of this chapter shall apply to the Special Purpose Vehicle Company referred to in item (9) of article (5) of the Law which issues Securities, except for Special Purpose Vehicle Companies that issues Contractual Collective Investment Scheme Units.

Article 7-2

Special Purpose Vehicle Companies which issue Securities may not be incorporated and carry out any activities unless it is licensed by Authority. These companies shall exercise their activities without the need to obtain a commercial license, as per Law No. (111) of 2013 regarding License of Commercial Stores.

Article 7-3

Special Purpose Vehicle Companies' purposes are limited to the issue of Bonds and *Sukuk* as shown in their contracts. These companies shall not pursue any other purposes, even if similar to their purposes. They shall be wound up by force of law once the purposes for which they are formed are achieved.

Article 7-4

The term of Special Purpose Vehicle Companies shall not be less than the term of Bonds and *Sukuk* issued thereby.

Article 7-5

Special Purpose Vehicle Companies may be formed by one person. Founders or shareholders, during the term of the company, shall not be more than three.

Article 7-6

The capital of Special Purpose Vehicle Companies shall be registered as a trust in the name of the Persons whom the Authority agrees as appropriate to hold such Shares in the capital of the Special Purpose Vehicle Companies, particularly the following:

1. A Licensed Person or Registered Person by the Authority and its Subsidiary Companies.
2. Law firm.
3. Obligor or originator of Bonds.

The Authority may disapprove any of the above entities in the event that they are not sufficiently qualified, experienced or independent. The disapproval of the Authority shall be justified.

Article 7-7

The phrase (Special Purpose Vehicle Company) shall be added to the title of this kind of companies in all papers, prints and communications thereof.

Article 7-8

The company contract of Special Purpose Vehicle Companies shall be issued in writing and shall not be required to be issued as an official document. This provision shall apply to any amendment thereof.

Article 7-9

The contracts of Special Purpose Vehicle Companies shall be issued in accordance with the form approved by the Authority.

The founders, if there be such, may not omit obligatory information required in the said form.

Beyond the obligatory information required, founders may abide by the provisions of the form either wholly or partially or add other conditions which do not conflict with the obligatory provisions stipulated in this Module.

Procedures of Incorporation

Article 7-10

A Special Purpose Vehicle Company shall be incorporated in accordance with the following procedures:

1. The incorporation application shall be submitted in accordance with the form shown in Appendix (2) accompanied by all the documents and information stated in the form. Fees as determined shall be paid.
2. Following the receipt of the company incorporation application complete with all requirements referred to in Paragraph (1) of this Article, the Authority may at any time require further information or documents it finds necessary to decide upon the application. In the event that the applicant fails to submit such information and document within the period set by the Authority the application shall be deemed to be withdrawn.
3. The Authority shall make a decision regarding an incorporation application after receiving it complete with all information and documents stated in paragraphs (1) and (2) of this article.

Article 7-11

The Authority shall note in the register of the application of incorporation of Special Purpose Vehicle Companies the date of the application submission, names of applicants and approval of the company incorporation and date of issue or decision of the application rejection and date of notifying the applicants with such rejection.

Article 7-12

In the event that the incorporation application is approved, founders shall be notified of such approval for forming the Special Purpose Vehicle Company, calling for the founders to sign the company contract before a competent official of the Authority within one week at the most from the date of issuing the approval.

Article 7-13

The Authority shall issue a license for the company following payment of the fees set, place a copy of the company contract in the company's file at the Authority and shall be exempt from publishing its contract or any amendment thereof in the Official Gazette.

In the event that an incorporation application is rejected, such rejection shall be issued by a justified decision by the Authority

Exemptions

Article 7-14

Special Purpose Vehicle Companies shall be exempt from the condition of having an office thereof, provided that it has an elected domicile to where notifications, correspondence and notices shall be sent.

The special purpose vehicle company may not have employees or file in the Ministry of Social Affairs and may not seek to recruit foreign employees.

Article 7-15

Excluding the requirements stated in this Chapter, Special Purpose Vehicle Companies shall be exempt from the duties required of Licensed Persons by the Authority.

Article 7-16

Special Purpose Vehicle Companies shall be exempt from holding ordinary or extraordinary general assembly meetings in accordance with the procedures stipulated in the Companies Law, and shall replace these meetings with the shareholders' written agreement on its resolutions.

Article 7-17

Special Purpose Vehicle Companies shall be exempt from retaining an annual percentage of profits for reserves as per Article (118) of the Companies Law.

Company's Form, Legal Entity and Capital

Article 7-18

Special Purpose Vehicle Companies shall take the form of a shareholding company. Provisions of shareholding companies in the Companies Law shall apply in the event that there is no particular provision in this regard in the Company Contract or this Chapter.

Article 7-19

The company shall have legal personality from the day of issue of the Authority license.

Article 7-20

The minimum capital of a Special Purpose Vehicle Company shall be KWD 100 or the formation charges, whichever is higher. The capital shall not necessarily be in proportion to the rights and obligations transferred to the company or the total amount of the Securities issued thereby.

Article 7-21

The contract of a Special Purpose Vehicle Company may not be amended, unless it is approved by the Authority.

Article 7-22

In the event that a Special Purpose Vehicle Company is formed for the issue of *Sukuk*, it may exercise one or more of the following activities:

1. Issue of *Sukuk*, act as a Trustee or agent or perform all activities related to the issue of *Sukuk*.
2. Ownership or holding of *Sukuk* assets or disposal of *Sukuk* assets on behalf of *Sukuk*holder.
3. Management and use of assets for the purposes for which the *Sukuk* are issued.
4. Distribution of *Sukuk* returns and redemption value.
5. Conclusion of contracts with the Originator, Obligor or others taking part in the issue.
6. Other supporting and ancillary activities.
7. Other activities approved by the Authority.

Article 7-23

In the event that a Special Purpose Vehicle Company is formed for the issue of Bonds, it may exercise one or more of the following activities:

1. Issue of Bonds, acting as a Trustee or agent or perform all activities related to the issue of Bonds.
2. Grant loans to Obligors, which are equal to the subscription payment.
3. Distribution of Bonds returns and redemption value.
4. Other supporting and ancillary activities.
5. Other activities approved by the Authority.

7

Company Management

Article 7-24

Shareholders may assign the management of Special Purpose Vehicle Company to any of the persons stated in article (7-6) in this Module. In this case, most managers or Members of the Board of Directors shall be employees of the entity to which the management of the company is assigned. This entity or any subsidiary thereof shall exercise the role of secretary.

Article 7-25

The entity to which the management of the Special Purpose Vehicle Company is assigned shall be in charge of the following:

1. Prepare the minutes of meetings of the Board of Directors or management, including the record of negotiations of such meetings, proposed resolutions and voting procedures.
2. Prepare the financial statements and records required in accordance with the contract of the Special Purpose Vehicle Company.
3. Submit any notification or representation required in accordance with the Law and these Bylaws.
4. Notify the Obligor five Business Days before the maturity date of any amounts under the conditions stipulated in the Prospectus to deposit such amounts in the account opened by the Paying Agent for paying the Periodic Distributions and redemptions in the name of the company.
5. Notify the Clearing Agency of redemption of Bonds and *Sukuk* wholly or partially, in case the conditions of redemption are fulfilled and provide it with the proof of fulfilling the redemption conditions.
6. Other duties and responsibilities stated in the contract of the Special Purpose Vehicle Company.

Article 7-26

Special Purpose Vehicle Company shall not be liable for the acts performed by the managers thereof in its name and for its account, if such acts are not within the purposes for which it is created.

In such case, the managers of the company shall be liable for any damages that may be incurred by the company or others as a result of such acts.

Article 7-27

Managers of Special Purpose Vehicle Company shall take the necessary measures for evaluating the present and future obligations as to enable the company to meet such obligations on its due date.

Article 7-28

Managers of Special Purpose Vehicle Company may not hold the company liable for any obligations other than those arising from the issue of Bonds and *Sukuk*.

Article 7-29

Special Purpose Vehicle Company shall notify the Authority of any changes in respect of managers, Members of the Board of Directors, secretary, shareholders or domicile within ten Business Days from the occurrence of such change.

Article 7-30

Special Purpose Vehicle Company shall comply with the provisions stated in Module Ten (Disclosure and Transparency) of these Bylaws in the event that the Bonds or *Sukuk* issued thereby are listed on the Exchange.

Article 7-31

Managers of Special Purpose Vehicle Company may be removed by Authority resolution or court order based on a claim filed by one of the Bondholders or *Sukuk*holders in the event that their conducts may negatively affect the public interest or the interest of the Bondholders or *Sukuk*holders of the company or if their conduct does not serve the company's purposes.

In such case, the management of the company may be assigned to another entity decided by the Authority, until the company assigns a new managing entity approved by the Authority.

Prohibition on Disposal of Shares Issued by Special Purpose Vehicle Company

Article 7-32

Shares issued by a Special Purpose Vehicle Company may not be disposed of or transferred unless approved by the Authority and may not be subject to attachment or forced sale.

In the cases in which Shares issued by the company are allowed to be disposed of, such disposition shall abide by the provisions of article (8-3) of this Module.

Article 7-33

In the event that one of the shareholders or the managing entity of the company declared bankruptcy, appoint a receiver or liquidator, the Shares thereof shall not be included in bankruptcy, receivership or liquidation.

Securities Issued by Special Purpose Vehicle Company

Article 7-34

Taking into consideration the Law and these Bylaws, Special Purpose Vehicle Company may issue Bonds and *Sukuk* for Public Offer or Private Placement pursuant to a resolution issued by shareholders conditioned by Authority's approval.

Article 7-35

Special Purpose Vehicle Company may not offer its Shares in Public Offer and may not directly or indirectly resort to a Public Offer for increasing its capital or for taking loans.

Article 7-36

Documents of issue of Bonds and *Sukuk* shall include an undertaking by the Obligor that it shall incur all the obligations and liabilities of the Special Purpose Vehicle Company and shall pay any fines or indemnifications that may be incurred by the Special Purpose Vehicle Company in accordance with the provisions of Law and these Bylaws based on the Prospectus.

Accounts, Audit and Inspection

Article 7-37

A Special Purpose Vehicle Company shall be subject to the procedures and provisions for auditing, controlling and examining the accounts of the Licensed Persons as per the Law and these Bylaws. The company shall provide the representative with the audited annual financial statements and reviewed quarterly financial statement.

The Company Contract may include special provisions as an exception of the provision of review of accounts of the Licensed Persons, provided that the Authority approves such provisions and any amendments thereof.

Article 7-38

The Auditor shall submit an annual report on all the company's actions with the Originator or Obligor, any change of the company's main activities or the shareholder's activities.

Company's Liquidation and Winding up

Article 7-39

A Special Purpose Vehicle Company may not be subject to merger or division, unless approved by the Authority. Special Purpose Vehicles may not be converted into another form different from that permitted in accordance with article (7-18) in this Module.

Article 7-40

The contract of the a Special Purpose Vehicle Company shall include a provision that it shall be deemed automatically wound up during one month from the date of fulfilling the condition of expiration of Bonds and *Sukuk*. The contract of the Special Purpose Vehicle Company shall also include a provision of irrevocable authorization by the shareholders to issue a resolution dissolving the company and assigning a liquidator thereof.

Article 7-41

A Special Purpose Vehicle Company may not be wound up or liquidated, unless the obligations arising from Bonds and *Sukuk* are fulfilled, unless the Authority and Representative approve to transfer the obligations arising from Bonds and *Sukuk* to the Obligor directly or to another Special Purpose Vehicle Company.

Article 7-42

The Authority shall appoint a liquidator of a Special Purpose Vehicle Company whether that liquidator is the managing entity or other entity to take the necessary actions of the company's liquidation in accordance with the provisions stipulated therein.

Chapter Eight
Trading in Securities

Trading in Listed Securities

Article 8-1

Rights and obligations arise for all persons who traded listed Securities by selling or purchasing through the Exchange's trading system with settlement pursuant to the rules adopted by the Clearing Agency, the Exchange rules may include special provisions for some transactions.

The title of the Securities that are listed in an Exchange shall only be transferred by virtue of completing the entries in the designated registers at the Clearing Agency, unless such transfers are in violation of the law, regulations, rules or the contract of the company that issued such Securities.

Ownership of more than 5% and less than 30% of the Shares of a Listed Company

Article 8-2

In the event that a Person owns alone or in alliance more than 5% of the Shares of a Listed Company on the Exchange and this person desires to increase such share to less than 30% of the company's Shares, it may be done in accordance with the rules of trading applicable on the Exchange provided that the provisions of disclosure of interests included in Module Ten (Disclosure and Transparency) of these Bylaws are complied with.

8

Transfer of Unlisted Securities

Article 8-3

Rights and obligations arise for all persons who traded listed Securities by selling or purchasing through the Exchange's trading system with settlement pursuant to the rules adopted by the Clearing Agency. The Exchange shall, after approval by the Authority, set the trading rules of unlisted Securities. These rules may include special provisions for certain transactions. Trading in such Securities or transferring their ownership without following the said rules is prohibited. In all cases, the title of the Securities that are listed in an Exchange shall only be transferred by virtue of completing the entries in the designated registers at the Clearing Agency, unless such transfers are in violation of the law, regulations, or rules or the contract of the company that issued such Securities.

Disposal of Shares

Article 8-4

Founders may only dispose of their Shares at least two financial years after the date on which the company is entered into the Commercial Register. Disposal of shares by one of the founders or a founder's heir to a Relative of the second degree or to another founder, or by a receiver, the state or a public authority or department to a third party shall be excluded from this provision. Disposal of such shares otherwise shall be deemed invalid. Any party with a relevant interest may invoke the nullity of such action which shall be automatically upheld by court.

Article 8-5

Shareholders may only dispose of their Shares after the company's issue of its first balance sheet of at least twelve months. Disposal of shares by one of the shareholders or a shareholder's heir to a Relative of the second degree or to another shareholder, or by a receiver, the state or a public authority or department to a third party shall be excluded from this provision. Disposal of such shares otherwise shall be deemed invalid. Any party with a relevant interest may invoke the nullity of such action which shall be automatically upheld by court.

Subscription in *Sukuk* and Bonds by Non-Kuwaiti Investors

Article 8-6

Non-Kuwaiti investors may own and subscribe for *Sukuk* and Bonds, taking into consideration any restrictions stipulated in the Prospectus or any other law on Shares' ownership by non-Kuwaitis.

Article 8-7

No founder shares may be created. Profit shares may be created by a decision adopted by the extraordinary general assembly against payments bearing no interest made to the company after its incorporation. A holder of a profit share shall not be a shareholder in the company and may not enjoy or exercise any of the shareholders rights during the existence of the company or upon its liquidation except for his profit share, which shall be subject to the decisions of the company ordinary general assembly with regard to the annual profit and loss accounts.

Assignment of Profit Shares

Article 8-8

Profit shares shall be assigned in the presence of the assignor and the assignee, or their delegates, at the Clearing Agency which maintains the company shareholder register, to record such assignment by the form prepared by the Clearing Agency.

Profit shares of some or all years may be assigned and such assignment may include the share profit of the debt they resulted from.

Article 8-9

A Clearing Agency shall issue a certificate to the assignee on what has been assigned. The clearing agency shall notify the Issuer Company of the Shares about the assignment.

Article 8-10

Profit shares shall be cancelled in the event that the right which created such shares is terminated. Such assignment shall be in accordance with the conditions agreed with the company upon issue.

Repurchase Agreement

Article 8-11

Contracts for the sale of listed and unlisted Securities may state that the seller reserves the right to repurchase the Securities in return for the payment of a certain amount during a specified period of time. Such contracts shall include an agreement to deposit the Securities concerned with a Custodian, who shall manage and dispose of them in accordance with the agreement between the seller and the buyer. Such agreement shall be noted in the Securities register. The Exchange's rules shall include special provisions which regulate the repurchase transactions. The provisions of article (508) of the Civil Law shall not apply to such contracts.

Article 8-12 **Requirements for Providing Margin Trading Service**

Article 8-12-1

The Licensed Persons may not offer finance to trade on Securities unless it is through the Margin Trading service.

Article 8-12-2

The following are the requirements of providing the Margin Trading Service:

1. The service provider shall be a Licensed Person authorized by the Authority to practice the activity of an Investment Portfolio Manager or the activity of a Qualified Securities Broker registered with an Exchange.
2. He shall be registered at the Clearing Agency, provided that the Clearing Agency shall notify the Authority of the registrants list.
3. The Margin Trading Service Provider shall have administrative and technical expertise as well as experience in systems, policies, and operational procedures sufficient to practice the Margin Trading service.
4. The Margin Trading Service Provider shall have the necessary financial resources to provide the service and shall consider the capital adequacy regulations stipulated in Module Seventeen (Capital Adequacy Regulations for Licensed Persons) of these Bylaws.
5. Any requirements, conditions, or controls deemed by the Authority.

Compatibility

Article 8-13

Taking into consideration the obligations mentioned in Module Eight (Conduct of Business), the Margin Trading Service Provider shall verify the Client's position through the following:

1. Study the credit status and financial solvency of the Client by reviewing the Client's data at the Credit Information Network (Ci-Net).
2. Ensure the Client's ability to bear the risks resulting from Margin Trading.
3. Know the Client's experience and its relevance to Margin Trading Service.
4. Ensure the competence and the legal capacity of each Client, and in particular the following:
   - A minimum of one year of experience in trading Securities. The Professional Client is exempt thereof.
   - No violation has been issued against the Client by the Disciplinary Board of the Authority or the Violations Committee during the previous two financial years.

In all events, it is not permitted to authorize another Person to trade on the margin account.

Article 8-14 **Margin Trading Agreement**

Article 8-14-1

The Margin Trading Service Provider shall sign a Margin Trading Agreement with the Client before providing the service.

Article 8-14-2

Subject to the provisions of Article (1-4) of Module Eight (Conduct of Business) and Article (5-1-9) of Module Seven (Clients' Funds and Clients' Assets), the Margin Trading Agreement shall include the following as a minimum:

1. An introductory statement about the Margin Trading service and the risks that the Client may be exposed to, including the following:
   - The possibility of the Client's loss of part or all the funds and assets deposited in the Margin Trading Account.
   - The Margin Trading Service Provider shall sell part or all of the Securities deposited in the Margin Trading Account, in the event that the percentage of the Maintenance Margin falls below the limit specified in the agreement and if the Client does not cover the shortfall to the Maintenance Margin during the specified period.
   - The Margin Trading Service Provider shall select a specific Security or more deposited in the Margin Trading Account, in order to be sold if the Maintenance Margin was not covered.
   - The Margin Trading Service Provider shall use part or all of the cash funds deposited in the Margin Trading Account for the repayment of the value financed, if the Maintenance Margin was not covered.
2. The rules regulating Shares entitlement regarding Securities deposited in the Margin Trading Account, without prejudice to the provisions mentioned in this Chapter.
3. The amounts, commissions, and fees that the Margin Trading Service Provider will receive from his Client, provided that the interest or profit of the funding submitted by the Client is as determined by The Central Bank of Kuwait.
4. A detailed statement of the rights and obligations of both the Client and the Margin Trading Service Provider.
5. Determine the percentages of the Initial Margin and the Maintenance Margin, provided that these percentages shall not be less than the limits set in this Chapter. It is also permitted to determine a maximum limit for the financing amount granted from the Margin Trading Service Provider to the Client.
6. A detailed statement regarding the authority of the Margin Trading Service Provider in the event that the Client breaches any of his obligations, in particular the procedures followed in case the Maintenance Margin percentage falls below the limit specified in the agreement, including the mechanism of notifying the Client of this fall.
7. Means of communicating with the Client to provide him with the notifications and reports.
8. Stating the cases for the termination of the agreement or the financing period, or their termination based on the wish of either of the parties. In addition to stating the mechanism of the rights' settlement and the commitments resulting from it, specifically regarding disposal of the margin financed Securities.

Article 8-14-3

The Margin Trading Service Provider shall ensure that the Client has submitted the following declarations and undertakings:

1. The Client's knowledge of the Margin Trading service and the associated risk.
2. The Client's knowledge of the rules, provisions and regulations of the Margin Trading.
3. The Margin Trading Service Provider's access to the credit information through the Credit Information Network (Ci-Net).
4. The pledge of Securities and cash balance in the Margin Trading Account and the additional collaterals -if any- in favor of the service provider to guarantee payment of the amounts due by the Client as a result of the Margin Trading.
5. The authority of the Margin Trading Service Provider – in the event of the Client's breach – to sell the Securities pledged in the Margin Trading Account, notwithstanding the provisions stipulated in Articles (231) to (233) of the Commercial Law, as well as the provisions stipulated in Chapter Three of the Civil and Commercial Pleadings Law.
6. The Client's coverage of the Margin Trading Account during the period specified in the agreement, in the event that the Maintenance Margin falls below the percentage specified in the agreement.

Article 8-15

The Tasks and Responsibilities of the Margin Trading Service Provider towards the Client

The Margin Trading Service Provider shall comply with the following:

1. Opening a pool account for the purpose of Margin Trading at the Clearing Agency for his Clients.
2. Opening a Margin Trading Account for his Client who wishes to receive this service, taking into consideration the separation of this account from the Client's other accounts.
3. Ensuring that the Client has deposited the Initial Margin in his account with the Margin Trading Service Provider according to the provisions of the Margin Trading Agreement before purchasing any Securities financed on margin.
4. Review each Client's Margin Trading Account in an ongoing method. The Client should be notified if the Maintenance Margin falls below the limit specified in the Margin Trading Agreement immediately after the end of trading session, in order for the Client to cover the shortfall in his account in cash or by submitting additional collaterals according to Article (8-17) of this Chapter during the period specified in the agreement, provided that this period shall not exceed two Business Days from the notification date.
5. Selling all or some of the Securities held in the Margin Trading Account immediately after the end of the period specified for the Client to cover the shortfall in the percentage agreed upon in the Margin Trading Agreement, provided that this percentage is not less than the percentage of the Maintenance Margin according to the market value of such Securities on the date of this sale.
6. Keeping copies of all registers and accounts of providing the Margin Trading service.
7. Maintaining the confidentiality of information available to him or the internal information that he obtains from practicing the Margin Trading service through taking all measures that ensure the necessary confidentiality in dealing with those data and information.
8. Providing the Client with a monthly statement showing the trading movement of the Securities in the account, and the percentage of his ownership in the account.
9. Not to utilize client funds to provide Margin Trading facilities to another Client or to himself, even if the Margin Trading Service Provider has obtained the Client's approval in this regard.

In all cases, the suspension of trading a Security will result in the suspension of the period specified for coverage mentioned in Item (4) of this Article - with the continued obligation of the Margin Trading Service Provider to notify the Client - provided that the period shall be completed after the end of the suspension period. This provision is not applicable in the event of more than one Security in the Margin Trading Account, whereby Items (4) and (5) of this Article must be applied.

Article 8-16 **Risk Management**

Article 8-16-1

The Margin Trading Service Provider shall form a risk committee specializing in managing the risk related to providing the Margin Trading service, and in particular in following up on the obligations stipulated in Article (8-16-2).

This committee may include in its membership one member or more from the entity that finances the Margin Trading Service Provider for this purpose.

Article 8-16-2

The Margin Trading Service Provider shall, on an ongoing basis, adhere to the following:

1. The capital adequacy regulations mentioned in Module Seventeen of the Executive Bylaws.
2. The amounts used to finance the Margin Trading of one Security for all Clients shall not exceed 25% of the total amounts specified for the Margin Trading service.
3. The margin financing amounts granted for one Client shall not exceed 10% of the total funds specified for Margin Trading by the Margin Trading Service Provider.
4. The Initial Margin shall not be less than 50% of the market value of the Securities to be financed on margin. The service provider may set a higher percentage for the Initial Margin within the Margin Trading Agreement.
5. The Maintenance Margin shall not be less than 25% of the market value of the Securities in the Margin Trading Account at any time after the transaction date. The service provider may set a higher percentage for the Maintenance Margin within the Margin Trading Agreement.
6. Equality for all Clients when setting the Initial Margin and the Maintenance Margin.
7. Submitting weekly reports to the Capital Markets Authority regarding the percentages specified in Items (2) and (3) of this Article, in addition to any other requirements determined by the Authority.
8. Submitting reports to the Central Bank of Kuwait on the credit amount granted to Clients on a weekly basis.

Article 8-16-3

The Margin Trading Service Provider may draw a list of the Securities permitted to be traded on margin and amend this list from time to time after notifying the Clients. The Margin Trading Service Provider, at the time of selecting the Shares included in the mentioned list, shall consider the aspects of liquidity and soundness of the financial conditions of companies whose shares are selected. Unlisted Securities may not be included in this list.

Collaterals of Margin Trading Account

Article 8-17

1. It is permissible to accept collateral in the Margin Trading Account. Such collaterals may be Securities or cash balances deposited in the Margin Trading Account.
2. With the exception of the Item above, the Margin Trading Service Provider may accept additional collaterals in the Margin Trading Account in the following two cases:
   a. The continuous decline in the market value of a Security in the Margin Trading Account, as a result of extraordinary circumstances occurring to the Security or the Exchange.
   b. Suspending trading of a Security on margin for more than five Business Days.
3. Securities financed on margin may not be pledged other than the pledge decided in favor of the Margin Trading Service Provider. In addition, transferring the ownership of these Securities from the Margin Trading Account to any other account of the Client may not be implemented until the approval of the Margin Trading Service Provider is granted.

Margin Trading Regulations

Article 8-18

Margin Trading is subject to the following regulations:

1. The Securities purchase process shall not exceed the purchase ceiling that shall be equal to the total amounts of cash and Securities deposited by the Client as Initial Margin and the financing amount granted by the Margin Trading Service Provider.
2. When the Client purchases Securities at an amount less than the purchase ceiling, he may use the remaining amount to purchase other Securities in the Margin Trading Account, provided that it shall not affect the Initial Margin.
3. The Client may withdraw cash from his available cash balance or transfer part of the Securities available in the Margin Trading Account to his other accounts at the Margin Trading Service Provider, if its value exceeds the percentage specified for the Initial Margin.
4. The Client may, after the approval of the Margin Trading Service Provider, exchange all or part of the margin financed Securities with other Securities financed on margin, provided that this shall not affect the Initial Margin, and that the market value of the purchased Securities shall not exceed the value sold.
5. Without prejudice to the right to subscribe in the share capital increase of companies issuing Securities held in the Margin Trading Account, the Margin Trading Account shall not be used to subscribe in new issues of Securities.
6. The service provider shall add the profits and Shares to the Margin Trading Account, in the event that cash dividends or bonus shares are distributed.

Procedures of Monitoring and Covering the Maintenance Margin

Article 8-19

1. The Margin Trading Service Provider, at the end of every Business Day, shall calculate the market value of the Margin Trading Account and notify the Client immediately of any shortfall of the Maintenance Margin from the minimum limit.
2. In the event the Client is notified of the shortfall of the Maintenance Margin from the minimum limit, the Client shall add cash or Securities to the Margin Trading Account in the amount necessary to restore the Maintenance Margin as stipulated in the Margin Trading Agreement, provided that this period shall not exceed two Business Days from the notification date.
3. The Margin Trading Service Provider shall sell all or part of the Securities deposited in the Margin Trading Account in the event that the Client is unable to comply with the provision of Item (2) of this Article.

Selling the Securities in the Event of Client's Breach

Article 8-20

The Margin Trading Service Provider – in the event of the Client's breach – shall sell the Securities pledged in the Margin Trading Account in accordance with the applicable rules, notwithstanding the provisions stipulated in Articles (231) to (233) of the Commercial Law, as well as the provisions stipulated in Chapter three of the Civil and Commercial Pleadings Law.

The sale shall only include what is sufficient to fulfil the right of the Margin Trading Service Provider. He shall, upon sale of pledged Securities take due care in the disposal of his funds.

Attachment procedures taken after the date of purchasing Securities on margin shall not prevent the sale as per the provisions of this Chapter. In such case, the right of the Margin Trading Service Provider shall be fulfilled within the limit that meets his debt. The attachment shall affect the amounts which exceed the right of the Margin Trading Service Provider.

Article 8-21

The Margin Trading Service Provider has the right to pledge the Securities purchased by the Client through Margin Trading, and has the right to apply for the fulfillment of the right attached to him in those Securities over other creditors, even if they have a private or public preferential rights.

Article 8-22

The Margin Trading Service Provider may close the Margin Trading Account and determine his entitlements related to Securities, without referring to the Client, in the following cases:

1. The Client is placed under liquidation and bankruptcy procedures according to Insolvency Law.
2. The attachment of the Margin Trading Account.
3. The Client's death.

Article 8-23

The Margin Trading Service Provider shall, upon the occurrence of any of the cases referred to in Article (8-22) of this Chapter, notify the Authority and the Clearing Agency with a statement that includes the client's name, description of the case that led to closing the Client's account, the number and type of Securities owned by the Client, and the amount of the cash balance related to the financed Securities within a period that does not exceed two Business Days from the date of his knowledge of the occurrence of the case.

The Margin Trading Service Provider may -after that- sell the Securities related to his right in an amount that is sufficient to satisfy the balance due to him, without the need to obtain an authorization to do so.

Article 8-24

The Margin Trading Service Provider shall be liable for the damages caused to his Client or third parties, if he uses the authority granted to him in an illegitimate manner or based on incorrect data.

Dealing in Emerging Companies Market

Article 8-25

No person is permitted to trade in Listed Companies on the Emerging Companies Market unless they are a Professional Client.

In the event that the trader is a Retail Client, the Issue Manager or Securities Broker must comply with the following procedures prior to the investment of Retail Client in the Listed Company's Shares or trading in Emerging Companies Market:

1. Present the statement set forth in Appendix 22 of this Module to the Retail Client intending to invest or trade in this market.
2. Obtain confirmation by the Issue Manager or Securities Broker from Retail Client that they have reviewed the statement and agreed to the investment or trading.

Chapter Nine
Pledge of Securities

Article 9-1

Securities, even if their value is not paid in full, may be pledged in accordance with a physical or electronic contract between the pledgor, the creditor pledgee and In-Kind Guarantor, if any.

Article 9-2

Investment Portfolios may be pledged in accordance with a physical or electronic contract between the pledgor, the creditor pledgee, the company managing a portfolio and In-Kind Guarantor, if any.

Article 9-3

A pledge shall be documented in writing in a physical or electronic form, and shall not be enforced before a Clearing Agency, Investment Portfolio Manager, Issuer or third party, unless it is registered as stated in this Module.

Article 9-4

A pledge agreement shall include the following:

1. Amount of debt secured by the pledge.
2. Whether the pledge secures the fulfilment of a debt and the returns on the debt or not and in the event that no such provision is included in the contract it shall be deemed that the pledge covers the debt and returns thereof.
3. Whether the debtor acquired a certain amount or not.
4. Whether a specific bank account is allocated for all the transactions related to the debt secured by the pledge. Such accounts are deemed reasonable evidence of the payment of the debt amount to the debtor and the debtor's repayments or such evidence shall be based on the bank's periodical ratification of the balance of the debt.
5. Whether the mortgage includes the returns of the pledged Securities or not and if the pledge agreement does not have such provision the pledge shall be deemed to include the returns of the pledged Securities.
6. Whether the pledgee assigns its voting rights or not.
7. Default events, upon which a debt is due prior to its maturity date as stated in the agreement.
8. Whether the pledgor agrees that the creditor pledgee shall acquire the ownership of Securities, the sale of Securities in the event that the debtor fails to fulfil its contractual obligations and the method of determining the ownership or sale price.
9. Procedures of notice of events of default upon their occurrence and the evidence of their occurrence in accordance with the agreement.

Article 9-5

There shall be a notation of the pledge of registered Securities on the Clearing Agency's register with the consent of pledgor, the creditor pledgee and In-Kind Guarantor, if any.

Such consent shall be in physical or electronic form and shall be given after providing the Clearing Agency with a true original copy of the pledge agreement, whether in physical or electronic form.

There shall be a notation of the pledge of Investment Portfolios on the account of such portfolios by the Investment Portfolio Manager in accordance with a physical or electronic agreement between the portfolio owner, creditor pledgee and Investment Portfolio Manager.

Article 9-6

The entity at which the pledge of listed Securities is notated in accordance with the provisions of the preceding Article shall provide the Exchange and the Clearing Agency with monthly reports on the arrangement of the pledge on such Securities and the parties holding voting rights resulting from the pledge of that amount in accordance with the pledge agreement, provided that the Exchange shall announce the pledged amount of each listed Security and the parties holding voting rights resulting from the pledge of that amount in accordance with the pledge agreement.

The Clearing Agency shall provide the creditor pledgee, pledgor and pledge notary, upon their request, with a physical or electronic extract of the Securities statement of holding with a notation of the pledge.

Article 9-7

In the event that the pledged Securities are eligible for cash dividends or other profits in the form of Securities provided as bonus shares, the pledge provisions stated in the pledge agreement and these Bylaws shall be applicable on such profits. Unless the pledge agreement states otherwise, a Clearing Agency shall mark the Securities distributed as bonus shares by the same notation of pledge on the pledged Securities.

Article 9-8

The pledgor may, by virtue of a pledge agreement or any amendments thereof, assign to the creditor pledgee its rights to attend the general assembly meetings and meetings of Bondholders Association and *Sukuk*holders Association, as the case may be, and to authorize the pledgee to vote in such meetings on behalf of the pledgor. In all such cases, the pledgor's right to vote based on the Securities pledge shall be transferred to the pledgee starting from the day following the date wherein the debt secured by a pledge falls due without being paid by the debtor.

Article 9-9

Upon making a notation of the pledge in the Securities' register or on the portfolio pledge agreement, the Clearing Agency shall clarify in such notation whether the creditor pledgee has the right to exercise voting rights on the pledged Securities or not and whether there are default events wherein the debt shall be considered due before its date of maturity stated in the agreement or not.

Article 9-10

If the right to attend and vote in the general assembly meetings and meetings of Bondholders Association and *Sukuk*holders Association is assigned to the creditor pledgee, the Clearing Agency shall enable the creditor pledgee to attend and vote in the general assembly meetings and shall note the transfer of such right to attend and vote in person or by proxy.

Article 9-11

Resolutions issued by the company's general assembly meeting, Collective Investment Scheme, Fund, or Bondholders Association and *Sukuk*holders Association shall be applicable to the creditor pledgee as applicable to the pledgor. In accordance with such resolutions, the creditor pledgee may exercise all rights resulting from the pledge under the laws, regulations, resolutions and agreements applicable to the pledged Securities, concerning appeal thereof and objection thereto even if the pledgor does not assign voting rights arising from such Security to the creditor pledgee.

Article 9-12

The Investment Portfolio Manager and the Clearing Agency shall provide the creditor pledgee with periodic reports on pledged Securities.

Sale and Ownership of Pledged Securities upon the Debtor's Default

Article 9-13

In the event that the creditor pledgee is a bank or Financial Institution and the debtor or pledgor is a Professional Client, the parties may agree when they enter into a pledge agreement or afterward to give the creditor pledgee the right to acquire the ownership of the pledge – provided that the value of pledge item is not more than the value of the debt – or sell it regardless of the provisions of Articles (231) to (233) of the Commercial Law and the provisions of Chapter Three of the Civil and Commercial Pleadings Law.

Article 9-14

In the event stated in Article (9-13) of this Module, the Investment Portfolio Manager or the agent of creditor pledgee shall execute the creditor pledgee's instructions concerning the ownership or sale of the Securities and the fulfilment of the creditor pledgee's rights, provided that the debtor and the In-Kind Guarantor, if any, are notified by a formal physical or electronic notice, in accordance with the mechanism stated in the pledge agreement. The said notice shall be sent within five Business Days, or a timeframe otherwise agreed upon in the pledge agreement.

The Investment Portfolio Manager or the agent – as the case may be – shall verify the existence of the pledge agreement and ensure that it contains the condition set forth in the preceding Article.

The sale shall be conducted in accordance with the rules of the Exchange and the Clearing Agency, as the case may be.

The sale may only be applied to cover payment to the creditor pledgee, who shall take due care in the disposal of money in the course of pledged Securities' sale or ownership.

The Clearing Agency shall make the necessary restrictions in light of the outcome of the Shares' sale procedures.

Article 9-15

Attachment procedures taken after the date of pledge of Securities or portfolio shall not prevent the sale or the ownership thereof as per Articles (9-13) and (9-14) of this Module. In such case, the creditor pledgee shall acquire the rights which cover its debt. The debtor – Clearing Agency or portfolio manager, as the case may be – shall notify the Department of Execution. The attachment shall be fully effective concerning the amounts which exceed the right of the creditor pledgor, without prejudice to the owners of privilege rights.
In the event that there is more than one pledge on the same Securities or Investment Portfolio, the creditor pledgee may decide to exercise its rights stated in the pledge agreement until its debt is covered. The following creditor pledgee may suspend the sale on the remaining pledged Securities until its debt is collected and so forth until the debt of the creditor of the least degree is collected. The creditor's pledgees may agree with one another upon the method of selling the pledged Securities and the distribution of proceeds among them.

General Provisions of a Pledge

Article 9-16

The right to pledge shall end on the fulfilment of secured debt and shall be returned upon the end of the grounds for the fulfilment of the debt.

Article 9-17

A pledge shall be cancelled by virtue of achieving one of the following cases:

1. A physical or electronic application submitted by the creditor pledgee in accordance with the rules specified by the Clearing Agency.
2. Final court judgment.
3. Enforceable arbitration award.

Article 9-18

If the price of a pledged Security at the Exchange decreases and becomes insufficient for securing the debt, the creditor pledgee may set a date for the pledgor to complete the security (margin call). If the pledgor refuses, and the date set elapses without completing the security, the creditor may sell the Securities in accordance with the provisions of this chapter. This provision shall be applicable in the event that the value of a pledged Investment Portfolio decreases.

Chapter Ten
Attachment of Securities

General Provisions

Article 10-1

Without prejudice to the provisions of Article (10-1-1), issuer's funds may not be attached to collect a debt of one of the holders of Securities issued by that Issuer. However, Securities owned by a debtor and their profits may be attached. The Securities shall be sold or redeemed, even if the attachment creditor does not present the original receipt of the Securities deposit.

Article 10-1-1

If the entity holding the Securities receives an attachment notice concerning a Security –to pay the debt of the seller– within the settlement period, the attachment shall be in the cash price of the Security.

If the entity holding the Securities receives a notice of attachment of the cash price of a Security –to pay the debt of the buyer– within the settlement period, the attachment shall be of the Security subject of the deal after registering it in the buyer's name.

Article 10-2

The attachment of Securities includes attachment of their profits, whether they are cash profits or bonus Securities or any amount due until the date of sale.

Article 10-3

In the event that attachment of Securities, profits, returns or rights arising therefrom is in accordance with a writ of execution, where the information of the debtor in the evidence of indebtedness subject of the attachment conforms with the debtor information stated in the Securities register held by the Clearing Agency, and if the creditor is a Local Bank or Kuwaiti Financial Institution, in such case - based on the application of the attaching creditor to the Execution Department - the execution continues even if temporal disputes arise, and the execution in this case shall be at the risk of the attaching creditor requesting the continuation of execution.

Article 10-4

In the event that a final judgment is issued stating that the creditor referred to in Article (10-3) in this Module is wholly or partially ineligible for the debt on which the execution procedures are performed to fulfil, such judgment shall be deemed a writ of execution to restore things to their original condition by purchasing Securities executed at the creditor's expense and repaying to the debtor amounts representing the difference of the price of Securities, if any, and the returns resulted therefrom after the execution thereof.

In case it is difficult to restore things to their original condition as shown in the previous paragraph hereof, the debtor may file a case for assessing the fair amount against execution without legal basis.

Article 10-5

To benefit from the provision of article (10-3) in this Module, a creditor which is a local bank or foreign Financial Institution shall deposit a bank guarantee issued by one of the Local Banks of the value of the attached Securities to the Execution Department, provided that such guarantee be valid and is not to be released until the issue of a final judgment in the execution disputes, whether such disputes are temporal or subjective, and indebtedness claim in the event that the execution takes place pursuant to a self-executed judgment.

In all such cases, the creditor shall be paid 50% of the returns of the Securities sale and shall not acquire the rest of the remaining amount unless the conditions of releasing the guarantee referred to in the previous paragraph are met.

Article 10-6

If a final judgment is issued stating that a creditor referred to in Article (10-5) herein above is not entitled to the debt subject of execution, wholly or partially, the guarantee amount shall be allocated for restoring things to their original condition before the execution of the sale of the Securities which exceed the creditor's right, by repurchasing such Securities and paying the difference of the price of Securities, if any, and any further profits or bonus Securities resulted therefrom after the execution thereof.

Article 10-7

In case it is difficult to restore things to their original condition as shown in article (10-6) in this Module because the Securities required to be purchased are not available on the Exchange, the guarantee and amount resulting from execution shall be attached, the guarantee and amounts shall be allocated as a collateral to fulfil any further amounts due to the debtor based on judgments of indemnification of the sale of part of its funds without legal basis.

Attachment

Article 10-8

Securities, Investment Portfolios, profits, returns and rights due on Issuers, Obligors and Clearing Agency shall be executed in accordance with articles from (10-9) to (10-19) in this Module.

A lien shall not be executed on Securities registered in the name of Omnibus Accounts in relation to a credit obligation or a court order or any writ of execution against the Omnibus Account Operator.

Article 10-9

In the event that Securities and Investment Portfolios are pledged or have preference rights, the holder of the attachment – whether it is the Clearing Agency or Investment Portfolio Manager, as the case may be - shall notify the creditors who own such rights of such attachment. These creditors, as soon as they are notified of the procedures, shall be considered attachment creditors by the force of law.

Article 10-10

Securities registered in the name of the debtor shall be attached as garnishment and a notation of such attachment shall be made in the Securities register held by the company Issuer or Clearing Agency which maintains the register.

Investment Portfolios shall be attached as garnishment and such execution shall be noted by the manager of such Investment Portfolios.

In all cases, the entity holding the Securities shall make the necessary amendments in the shareholders register or Investment Portfolio registers in accordance with the outcome of the sale procedures.

Article 10-11

It is permitted for any creditor with a debt that existed, determined and due to attach the debtor's rights held by Issuers, Obligors and other Securities, Investment Portfolio, profits, returns and rights due to the debtor even if such rights are deferred or conditional. If the attachment is not imposed on a specific Security or right arising therefrom, it shall include all the execution debtor's Securities, profits, returns and rights arising thereto which is held by third party at the time of attachment in addition to any further rights arising therefrom until the time of issuance of a report disclosing what they held in their custody.

Article 10-12

If a creditor does not hold a writ of execution or in the event that the debt is not specified, the debt can only be attached by virtue of an order by a judge who reviews matters on a temporary basis in accordance with article (108) of the law and shall decide the attachment and determine the creditor's due debt temporarily based on a petition represented by the attachment applicant. However, no such decision is required in the event that the creditor has a judgment which specifies the debt amount, even if it is unenforceable.

Article 10-13

Without prior notice to the debtor, attachment shall take place by virtue of a document delivered by the process servers in the Department of Execution to the creditor pursuant to the provisions and procedures shown in the Law and these Bylaws which shall include the following information:

1. Copy of the judgment or writ of execution by virtue of which the attachment takes place, judge's execution order or order for estimating the debt.
2. Statement of the original amount for which the attachment is performed and any associated amounts.
3. Determine the debtor with due care if the attachment is performed on a specific fund, and notify the third party who holds such funds in his custody to refrain from paying or delivering the debt to the debtor.
4. Creditor's domicile and place of business, or elected domicile in Kuwait, in the event that it is not a Kuwaiti national or does not have a place of work therein.
5. Mandating the third party to issue a report disclosing what they held in their custody to the clerks of the Court of First Instance within ten days from the date of the attachment notice.

In the event that the said document does not include the information stated in paragraphs no. (1), (2) and (3) of this article, the attachment shall be deemed null and each relevant party may comply with such nullification.

Article 10-14

The creditor shall notify the debtor of the attachment by virtue of a document to be served the same manner stated in article (10-13) of this Module. The said document shall include the attachment order, date and other information referred to in article (10-13) in this Module. The attachment document may be used for notification after being served to the debtor.

Article 10-15

The creditor shall notify the debtor of an attachment within eight days following serving the notice to the third party; otherwise the execution shall be deemed as withdrawn. In the event that there are several third parties, a date shall be set for each of them individually.

Article 10-16

A creditor shall, within the term stated in article (10-15) of this Module, file a lawsuit against the debtor before the Competent Court to prove the validity of its rights and validation of attachment in the event that the attachment takes place pursuant to a judicial order, otherwise the attachment shall be deemed as withdrawn. In the event that the third party is a party to such lawsuit, it may not be excluded from the lawsuit. The judgment issued in such lawsuit shall only be deemed evidence against it concerning the validation of the attachment procedures. If such case of proving the creditor's right is filed prior to the attachment, the court which considers the case shall also consider the case of the validation of execution procedures.

Article 10-17

Without prejudice to articles (10-3), (10-4) and (10-5) in this Module, the debtor may file a case for cancellation of the attachment before the Competent Court. Notifying the Department of Execution of such case shall entail suspending the collection of the execution proceeds but not the sale, unless the court which considers the case decides otherwise.

Article 10-18

The lawsuit of redeeming Securities or Investment Portfolios subject to attachment shall not result in suspension of sale, unless the judge of urgent matters issues such judgment.

Article 10-19

Without prejudice to the provisions of this Chapter, the provisions of Articles (233) to (241) of the Civil and Commercial Pleadings Law shall apply to the attachment of Securities, Investment Portfolios, profits, returns and rights due on Issuers, Obligors and Clearing Agency.

10

Sale and Distribution of Execution Proceeds

Article 10-20

Securities, profits, returns and rights due by Issuers, Obligors, Clearing Agency and others referred-to in the previous articles of this Chapter shall be sold through a Broker or Investment Portfolio Manager if the portfolio Shares are outside of the State of Kuwait, according to the Securities execution regulations stipulated in Boursa Kuwait Rulebook, which shall state in its decision whether they shall be sold through the trading system of listed and unlisted Securities, through auction or otherwise as specified by the Exchange.

Article 10-21

Sale of Securities shall be declared through the Exchange using the methods specified in its rules, even if such Securities are unlisted or suspended from trading on the Exchange.

Article 10-22 The seller shall complete the sale of Securities procedure subject to execution by one of the means set forth in the Exchange rules, as the case may be.

Article 10-23 The seller shall comply with the Exchange rules and professional standards when selling the Securities subject to execution.

Article 10-24 The aforementioned provisions stipulated in Articles (10-20) to (10-23) of sale and distribution of execution proceeds are considered general provisions for the attachment of Securities. The Exchange is responsible for implementing the provisions of Securities execution regulations set forth in its rules, and for the impacts resulting thereof.

Article 10-25 The provisions of Chapter Three of the Civil and Commercial Pleadings Law shall apply to the cases wherein no specific provisions are set forth in this Chapter or in Boursa Kuwait Rulebook.

Chapter Eleven
Rules of *Sukuk*

Scope of Application

Article 11-1

The provisions of this Chapter shall apply to *Sukuk* issued by:

1. The Kuwaiti government, ministries, public authorities and institutions.
2. General shareholding companies.
3. Closed shareholding companies.
4. Special Purpose Vehicle Companies regulated by Authority in accordance with paragraph (9) of Article (5) of the Law and these Bylaws.
5. Foreign Issuers.

Sukuk Issuance – General Conditions

Article 11-2

Government, ministries, public authorities, institutions, Public Shareholding Companies and Closed Shareholding Companies of Kuwait may issue tradable *Sukuk* which are divided among subscribers in consideration of a Subscription payment. Such *Sukuk* may be by Direct Issue or Indirect Issue.

Article 11-3

Companies may not issue *Sukuk* directly or indirectly, unless they meet the following conditions:

1. The issued capital of company is paid in full, excluding convertible Sukuk into Shares.
2. The ordinary general assembly issues a resolution on *Sukuk* issue.
3. An External Sharia Auditing Office certified by the Authority performs an audit of the structure of *Sukuk* issue and gives its legal opinion as to approve it. In the event that there is a difference between the opinion of the External Sharia Auditing Office certified by the Authority and that of the advisory board of the Islamic supervisory board, the opinion of the advisory board shall prevail.
4. The Authority issues a resolution approving the *Sukuk* issue.
5. The company acquires the Central Bank's approval of the *Sukuk* to be issued or of an Obligor if such be Units Subject its Supervision.

Article 11-4

An Issuer may make a Public Offer for *Sukuk* in the event that the Issuer takes one of the following forms:

1. Public Shareholding Company,
2. Special Purpose Vehicle Company, provided that such *Sukuk* are secured in full by an Obligor which shall be in the form of a Public Shareholding Company.

Article 11-5

Sukuk offered for Public Offer shall meet the following conditions:

1. They shall not be redeemable before one year from their issue.
2. They produce periodical yields, whether such yields be fixed or variable.
3. They do not include any Financial Derivatives, such as swap deals or option contracts, excluding *Sukuk* convertible into Shares wherein the option right implied shall be subject to the discretion of the Bondholders and Shares subject to swap shall be listed on the Exchange.

Article 11-6

The Issuer, Obligor or Originator, as per each case individually, shall appoint an External Sharia Auditing Office certified by the Authority to perform the following duties:

1. Audit the structure of the Sukuk and give a legal opinion thereof.
2. Audit the Sukuk periodically and continuously until the end of the redemption.
3. Audit all the documents of the Sukuk issue.

Article 11-7

An Obligor shall accept Sukuk which fulfil the debts due to the Obligor, even if before the date of their redemption, provided that the following conditions are met:

1. Indebtedness is documented in the Obligor's registers at least one year before payment thereof.
2. Indebtedness is not resulting from asset purchase or exchange between Obligor and Sukukholder.
3. Approval of Sukukholders' Association to redeem such Sukuk prior to the date of their redemption is given in accordance with the mechanism stipulated in the Second Paragraph of Article (11-69) in this Module.

Article 11-8

The Issuer may issue *Sukuk* based on its operations and assets in full where the returns thereof shall constitute a share in the annual profits made by the Issuer.

Article 11-9

The Authority may determine the specific amount of *Sukuk* to be issued by which the Obligor shall be bound.

This article shall not apply to *Sukuk* secured by the State or one of the public authorities or institutions.

Article 11-10

In the event that that *Sukuk* are issued indirectly, it is not required for the capital issued to be in proportion with the whole amount of *Sukuk* issued, it is also not required for the capital issued to be in proportion with the Asset-Based *Sukuk* or the assets registered in the Issuer's name.

Article 11-11

Sukuk shall be structured and the process of creating *Sukuk* shall be conducted in accordance with the provisions of the Prospectus.

Article 11-12

An Issuer may purchase assets before or after the subscription and issue agreements are effective. Asset-Based *Sukuk* including the rights related to such assets owned by a third party other than the Issuer, Obligor or originator, as per each case individually, shall be explicitly determined in the trust document, provided that the rights, benefits or eligibility can be transferred to the Issuer or the Issuer's interest and *Sukuk*holders as per the relevant laws.

Article 11-13

In the event that *Sukuk* are issued by a Special Purpose Vehicle Company based outside Kuwait, the Issuer and Obligor shall submit any documents that prove that the Issuer has acquired all the approvals required for forming a Special Purpose Vehicle Company and to issue *Sukuk* as per the laws, regulations and regulations applicable in the country of foundation.

Article 11-14

Each issue shall be comprised of registered *Sukuk* each of equal value. *Sukuk* of the same category in the same issue shall give their holders equal rights against the Issuer and Obligor.

Article 11-15

Perpetual *Sukuk* may be issued if they abide by all the standards and requirements of Basel Committee on Capital Adequacy and any further resolutions or instructions issued by Regulatory Bodies in this regard. Subscription in such *Sukuk* shall be limited to Professional Clients only and other Clients may not subscribe therein.

Article 11-16

Government, ministries, public authorities and institutions may issue permanent government *Sukuk* having no specific maturity date and the issuing entities shall be entitled to recover such *Sukuk* wholly or partially at any time at their own discretion or they may redeem them either wholly or partially within specific periods

Article 11-17

An Obligor shall accept *Sukuk* which fulfil the debts due to the Obligor, even if before the date of their redemption, provided that the following conditions are met:

1. Indebtedness is documented in the Obligor's registers at least one year before payment thereof.
2. Indebtedness is not resulting from asset purchase or exchange between Obligor and *Sukuk*holder.
3. Approval of *Sukuk*holders' Association to redeem such *Sukuk* prior to the date of their redemption is given in accordance with the mechanism stipulated in the Second Paragraph of Article (11-69) in this Module.

Article 11-18

An Obligor shall be entitled to re-offer *Sukuk* which it accepted in accordance with Article (11-17) in this Module for subscription if such subscription is not prohibited based on the Company Contract or in the event that such *Sukuk* are recovered pursuant to an obligation of redemption on the Obligor.

Re-offering the recovered *Sukuk* for subscription in accordance with the previous Paragraph shall not be deemed a new subscription. They shall be dealt with as *Sukuk* subscribed in the batch issued therewith.

Sukuk listed on the exchange and issued by banks shall be exempt from the conditions provided for in Article (11-17) in this Module concerning the Obligor's acceptance of *Sukuk* to fulfil the debts due to the Obligor.

Article 11-19

Sukuk redemption shall be subject to the conditions imposed when issued. In the event that there is specific date laid down for redeeming the fulfilling *Sukuk*, it may only be brought forward or delayed in accordance with the conditions stated in the Prospectus.

Article 11-20

If an Obligor is winding up or being liquidated for reasons other than Merger, *Sukuk*holders shall be entitled to require the fulfilment of their value prior to their date of maturity and the Obligor may propose such act. In the event that the *Sukuk* value is fulfilled by either means, the yields of the remaining period of time of *Sukuk* term shall be dropped, unless the Prospectus provides for otherwise.

Article 11-21

Obligations arising from *Sukuk* shall become extinct based on the conditions of extinction stipulated in the Prospectus. Obligor shall notify Authority of the same within ten Business Days after the date of obligations extinction, expressing the grounds thereof and shall attach the opinion of Auditor, Paying Agent and Clearing Agency to such notification.

Government-Issued *Sukuk*

Article 11-22

The provisions of the relevant laws and decrees and their executive resolution shall apply to government *Sukuk*. The provision stipulated in this Module shall apply to government *Sukuk* as long as these provisions do not conflict with such decrees and amendments thereof.

In the event of issuance of government *Sukuk* by a Special Purpose Vehicle Company, the entity authorized by the Minister of Finance shall found the said company, which shall be subject to the provisions stated in its memorandum of association; and the provisions of this Module shall apply to the matters not dealt with in the said memorandum.

Article 11-23

Fixed and movable assets owned publicly by the state or its public utilities may not be used for issuing government *Sukuk* against them. Such *Sukuk* may be issued against *Sukuk* owned privately by the state. Assets which shall be used for issuing *Sukuk* shall be appraised by a committee which shall be formed and whose mechanism shall be determined by a resolution issued by the Minister of Finance.

Article 11-24

Without prejudice to the provisions of Article (11-23) in this Module, the laws and decrees related to the issue of government *Sukuk* and their executive resolutions, the Authority may exempt government *Sukuk* from all or part of the provisions of this Module in accordance with a memorandum of understanding to be signed by the Authority and the Central Bank.

Short-Term Sukuks

Article 11-25

The Issuer or the Obligor has the right to issue Short-Term Sukuks provided that such Sukuks shall be offered for Private Placement to the Professional Clients only.

Article 11-26

Issuing Short-Term Sukuks shall be within an Issue Program. The Short-Term Sukuks program is excluded from the provisions related to the SukukHolders Association of this Module.

Sustainability Sukuks rules

Article 11-27

Green Sukuks, Social Sukuks, or Sustainability Sukuks whose proceeds are allocated to financing or refinancing the green eco-friendly projects or the social projects may be issued.

Article 11-28

Green Sukuks, Social Sukuks, or Sustainability Sukuks request shall be submitted to the Authority pursuant to Articles (2-7) and (2-8) in addition to the following:

1. The framework document of the Green Sukuks, Social Sukuks, or Sustainability Sukuks prepared in accordance with the relevant principles and guidance of the International Capital Markets Association (ICMA), pursuant to the standards of the Climate Bond Initiative or any other international frameworks, provided that such frameworks shall include rules and standards regarding determining the qualified projects, using and managing proceeds, and reports preparation.
2. A report by an independent entity/party that is specialized in the environmental or social matters on reviewing the framework of the Green Sukuks, Social Sukuks, or Sustainability Sukuks and the use of their proceeds and management, and the standards according to which the green or social projects are selected.

Article 11-29

The Issuer/Obligor shall provide copies of the following reports on the Issuer's website and present them in the meeting of the Sukukholders' Association:

1. Annual report by the Issuer/Obligor determining the company's compliance with the green framework, social framework, or sustainability framework, which specify the Issuer's commitments related to the environmental or social matters.
2. Annual report by the auditor of the Issuer/Obligor determining the use of the Sukuk proceeds in the green projects or social projects and the compliance of the Issuer in the green framework, social framework, or sustainability framework and the projects specified for this purpose.
3. A report by an independent entity/party that is specialized in the environmental or social matters on reviewing the framework of the Green Sukuks, Social Sukuks, or Sustainability Sukuks and the use of their proceeds and management, and the standards according to which the green or social projects are selected.

In addition to providing copies of such reports on the website of the Issuer.

Regulations for Convertible *Sukuk*

Article 11-30

An Obligor shall be entitled to issue *Sukuk* convertible into Shares in accordance with a resolution issued by the Obligor's extraordinary meeting based on a reasoned proposal by the Board of Directors pursuant to the following regulations and provisions:

1. Establishing the rules by which *Sukuk* can be converted into Shares, especially the value of Shares upon which conversion shall take place.
2. The price of issuing *Sukuk* shall not be less than the par value of share.
3. The total par value of share which *Sukuk* are proposed to be converted into, in addition to the par value of Shares of Issuer at the time of issue of this kind of *Sukuk*, shall not exceed the authorized capital.
4. The term within which the application of converting *Sukuk* into Shares is permissible.
5. Eligibility of a *Sukuk*holder to recover its value if it does not desire to convert them into Shares.

Article 11-31

Obligor's shareholders shall have a Pre-emptive Right to subscribe for Convertible *Sukuk* if they so desire, within a period of ten Business Days from the date of being called for using such right. Shareholders may use their pre-emptive right of subscription in such *Sukuk* by exceeding their share in the Obligor's capital in the event that the subscription conditions provide for the same, unless the Obligor's general assembly issues a resolution that the shareholders waive their pre-emptive right in subscribing for these *Sukuk*.

Article 11-32 *Sukuk*holders who desire to convert them into Shares shall express their desire within the period stated in the Prospectus. *Sukuk* shall be converted into Shares in accordance with the conditions shown in the Prospectus. The company shall fulfil the value of *Sukuk* whose holders do not desire to convert into Shares on the maturity date unless the Prospectus states otherwise.

Article 11-33 Having issued Convertible *Sukuk*, the Obligor may not issue or distribute free Shares or profits of the reserve and may not issue other *Sukuk* or Securities convertible into Shares to the date of their conversion or redemption, unless it is approved by *Sukuk*holders Association, if the Prospectus does not stipulate otherwise.

Article 11-34 Having issued Convertible *Sukuk*, the Obligor may not reduce its capital or increase the portion determined as a minimum of the profits to be divided among shareholders to the date of their conversion or redemption, excluding the Obligor's capital reduction due to losses, unless the Prospectus does not stipulate otherwise.

Article 11-35 Shares acquired by *Sukuk*holders due to the conversion of their *Sukuk* shall have a share in profits determined to be distributed for the financial year during which the conversion takes place.

Article 11-36 Obligor may issue *Sukuk* whose holders shall have pre-emptive right to subscribe in any capital increase. Such issue shall take place for who may desire during a maximum period of fifteen Business Days from the date of notifying the same to *Sukuk*holders. The Preemptive Right shall be limited to subscription in Shares whose par value does not exceed the value of *Sukuk* owned by who uses such right, unless the prospectus of shares of capital increase stipulates otherwise.

Article 11-37

Any amendment of the conditions for converting *Sukuk* into Shares after the issue of *Sukuk* shall be approved by the *Sukuk*holders Association, unless the Prospectus includes certain provisions aiming at regulating such amendment, provided that the amendment shall be consistent with the Prospectus.

Article 11-38

An Obligor's Board of Directors may issue a resolution for increasing its issued capital by the portion needed for converting *Sukuk* into Shares in accordance with the conditions and regulations of the Prospectus. The execution of such resolution shall be binding on meeting the conditions of converting *Sukuk* into Shares in accordance with the Prospectus. Such resolution shall be attached to the documents submitted to the Authority to acquire the approval for the issuance of the *Sukuk*.

Upon meeting the conditions for converting *Sukuk* into Shares, the representative shall notify the Obligor of the names of the holders of *Sukuk* who desire to convert their *Sukuk* and the number of Shares eligible for each of them.

Article 11-39

The Obligor may, within fifteen Business Days of receiving the notification referred to in Article (11-38) in this Module, take the necessary actions for making a notation of the board resolution indicated in this Module on the Commercial Register and recommending to the Clearing Agency which maintains the register of the holders to issue Shares and divide them among the beneficiaries.

Article 11-40

In the event that the Obligor refrains from taking the actions stated in Article (11-39) in this Module, the Authority shall, pursuant to the representative's application, address the Ministry and Clearing Agency to take such actions shown in Article (11-39) in this Module, after verifying that the Obligor's refraining from taking these actions is unjustifiable.

Regulations for Guaranteed *Sukuk*

Article 11-41

In the event that *Sukuk* are secured by a joint guarantee, each Guarantor shall provide the same information, data, statements and representations stipulated in this Module concerning the Issuer and Obligor, unless any relevant obligation, based on its nature, applies only to the Issuer and Obligor.

Article 11-42

The same information required to be included in the Prospectus about the Issuer and Obligor shall be required for a Guarantor as well.

All the legal approvals necessary shall be duly acquired to ensure the validation and effectiveness of security against the Guarantor or third party.

Article 11-43

In the event that the issue of *Sukuk* is secured by a Listed Company listed on an Exchange or in another exchange outside Kuwait, the Authority may exempt the Guarantor from disclosing the information the Authority finds as not essential for *Sukuk*holders.

Article 11-44

In the event that Sukuk are secured by an undertaking based on collateral in kind it shall be necessary to meet all the legal requirements of pledge or collateral for the interest of Sukukholders Association or its representative to make it valid and effective, before Sukuk are offered for subscription. The Issuer, Obligor or the entity, which provided the collateral, shall take such actions.

Article 11-45

The Obligor shall, within a period of no more than one month from the termination of the subscription period determined, take necessary actions to make a notation of the total of Sukuk issued and secured by an undertaking in the pledge register. The notation application shall be attached to a statement approved by the Clearing Agency which maintains the register of Sukukholders that includes the names of Sukukholders, the number and value of Sukuk. Representative may take the action referred to in Article (11-44) in this Module, in the event that the Issuer refrains from taking it.

Article 11-46

The Authority may require the Issuer, Obligor and Guarantor In Kind and a guarantor in person to disclose any additional information in the Prospectus in accordance with the Authority's discretion.

Assignment of Paying Agent

Article 11-47

Issuer shall assign a Paying Agent, approved by the Authority, in Kuwait to perform the duties thereof until *Sukuk* redemption. The Authority may decide to replace the Paying Agent with another one if it finds that such action shall preserve the rights of *Sukuk*holders. An Issuer or Obligor may replace the Paying Agent after getting the Authority's approval.

Sukuk Structure – General Provisions

Article 11-48

The structure of *Sukuk* issued in accordance with the provisions of this Module shall be consistent with the Islamic Sharia's provisions and approved by an External Sharia Auditing Office certified by the Authority.

Article 11-49

The structure of *Sukuk* issued in accordance with the provisions of this Module may depend on the transactions forming its basis, which may comprise any of the following contracts:

1. Ijarah contracts, which constitute the sale or transfer of a tangible asset to be leased later on for a period of time agreed upon in return for a consideration agreed upon and paid by the lessee.
2. Intifa'a contracts which include the right to utilize, own or develop any asset, or other legal rights of utilizing or holding such asset.
3. Salam contracts, whereby the seller undertakes to supply certain goods to the purchaser at a future date in exchange of an advanced price to be paid in full.
4. Contracts of Istisna', which constitute an agreement of sale, construct or manufacture whereby the consideration is paid based on production upon delivering certain products at a future date in accordance with the specifications agreed upon.
5. Musharakah contracts which constitute the agreement of two or more Persons upon contributing to a project that aims at making profit through representing cash or in kind Shares with the purpose of sharing the resulting profits and losses.
6. Mudarabah contracts wherein two or more Persons agree to partner in a profitable project, where one of them represents a cash share or a share in kind and the other manages the project.
7 Murabaha contracts which constitute sale upon credit, where the seller transfers assets or goods immediately to the purchaser and adds a profit margin upon calculating the due payments deferred.
8. Contracts which create jus in rem, where the exercise of in rem right on a third parties' properties pursuant to a valid contract between both parties only is allowed.
9. Khadamat Contracts where a prior sale of services to be used in the future takes place based on expected benefit thereof.
10. Other contracts or transactions approved by the Authority and an External Sharia Auditing Office in accordance with this Module.

Article 11-50

Sukuk may be issued in one of the following forms:

1. Asset-Based *Sukuk*,
2. Asset-Backed *Sukuk*.

Asset-Based *Sukuk*

Article 11-51

In the event that the *Sukuk*holder of asset-based *Sukuk* has recourse against the Obligor, Issuer or originator, it shall have no more rights to such assets than any other ordinary creditor.

Asset-Backed *Sukuk*

Article 11-52

The rights of *Sukuk*holders of Asset-Backed *Sukuk* arising from such *Sukuk* shall be fulfilled by their relevant assets only in accordance with the Prospectus.

Assets of such *Sukuk* shall be separated from other assets or turned into *Sukuk* in a manner that protects them from other creditors' claims. The holders of such *Sukuk* shall depend on their relevant assets to fulfil the periodical distributions and redemption payments.

Article 11-53

The Issuer or other third party may provide other warranties to support the credit worthiness of any form of *Sukuk* proposed.

Article 11-54

Transfer of *Sukuk* Assets shall take place in accordance with the relevant laws. The originator shall be operationally active and shall not have been in default in meeting its financing indebtedness in the last three financial years.

Article 11-55

The Issuer shall take the form of a Special Purpose Vehicle Company and may add further assets to the assets forming the basis of *Sukuk* upon issue within the term of the Asset-Backed *Sukuk*. After acquiring the Authority's approval, Issuer may issue different categories of the same *Sukuk*, provided that each category be supported with similar assets.

Article 11-56

The Representative, custodian, agent or other external party of the Issuer, Obligor or Originator, as per each case individually, shall be assigned to represent the holders of Asset-Backed *Sukuk*. For the purpose of performing its duties the assigned Person shall have the right to review such *Sukuk* Assets and their relevant information within the term of *Sukuk*.

Article 11-57

Having acquired the Authority's approval, the Issuer may purchase or hold Asset-Backed *Sukuk* which it is the Originator thereof. The Originator shall sell or waive such *Sukuk* or any surplus of a specified percentage of the total value of such *Sukuk* within the period set by the Authority upon approval.

Article 11-58

Assets of such Asset-Backed *Sukuk* shall be separated from other assets of the Issuer or third party in a manner that guarantees that the holders of such *Sukuk* shall have control over their relevant assets and that no third party shall have any rights thereon.

Article 11-59

The following provisions shall be considered concerning the Asset-Backed *Sukuk*:

1. The Originator shall have no existing or enforceable interest or right over assets or cash flows resulting from such assets prior to the issue of *Sukuk*.
2. There are no legal, contractual or other restrictions on transferring assets, rights or dues relevant to *Sukuk* Assets from the Originator to the Issuer.
3. Legal, regulatory or contractual approvals required for transfer of assets from the Originator to the Issuer shall be fulfilled.
4. The Originator may not take any action that may enable a third party to claim for compensation or require a certain return in relation to assets of *Sukuk*.
5. The valuation set for assets shall be fair and shall consider the Face Amount and any further legal or accounting requirements of *Sukuk*.
6. In the event that the assets comprise any Shares or Securities which represent equities, such Shares or Securities shall be listed or traded in an Exchange or in another exchange outside Kuwait approved by the Authority. No legal or administrative control over any company which Issues such Shares or Securities representing equities, shall be given.
7. Assets of all kinds are to be consistent with the provisions of Islamic Sharia. A detailed list of the assets and their basic information shall be certified by an External Sharia Auditing Office.

Article 11-60

Assets of Special Purpose Vehicle Company shall be transferred by a real sale in accordance with the following provisions:

1. Contracted assets shall be separate from the originator's assets and shall not be related any third party's rights.
2. The Originator shall transfer all its rights and obligations related to the contracted assets to the Issuer and therefore the Originator shall not reserve any rights or benefits related thereto that may affect their transfer.
3. The Originator shall not own any share in the Issuer's capital, either directly or indirectly.
4. The Originator shall not be in a position that enables it to exercise any control over the Issuer's decisions.
5. The Issuer shall not have recourse against the Originator, unless the Originator provides credit enhancements to *Sukuk* structure.
6. Concerning the structure of Asset-Backed *Sukuk*, where the Originator acts in its capacity as a Servicer, the Servicer shall offer such services entirely on a commercial basis, taking into consideration the terms and conditions of such services at that time.

*Sukuk*holders Association

Article 11-61

A Prospectus shall include provisions for forming a Sukukholders Association. In such case, provisions of Articles from (11-62) to (11-71) of this Module shall apply to this association.

Article 11-62

Each issue or offer of *Sukuk* shall have a separate association of *Sukuk*holders to protect the common interests of the members thereof. One of the members of this association or a third party shall be appointed as the legal Representative thereof. The Issuer shall, within one month of the date of the end of subscription in *Sukuk*, call for the *Sukuk*holders Association to approve the statute and elect or choose the Representative thereof.

If the Issuer fails to call for the *Sukuk*holders Association to meet within the period referred to in the previous paragraph, any relevant party shall have the right to apply to the Authority for calling for the *Sukuk*holders Association to meet within a period of no more than fifteen Business Days from the date of applying.

Article 11-63

*Sukuk*holders Association shall hold meetings thereof pursuant to the Representative's or Issuer's invitation or in accordance with an application made by *Sukuk*holders representing at least 5% of the value thereof or upon the Authority's request. Meeting of the *Sukuk*holders Association shall be chaired by the Representative or whoever elected by the *Sukuk*holders Association for such purpose.

Article 11-64

The invitation to the meeting of the *Sukuk*holders Association shall include the agenda, time and venue thereof issued by one of the following ways:

1. Announcing the meeting in two national daily journals and on the Exchange at least five Business Days before the meeting is held.
2. Via certified mails to be sent to the *Sukuk*holders at least five Business Days before the meeting is held.
3. By e-mail or fax at least five days before the meeting is held.
4. By hand to the *Sukuk*holders or their due representative at least three Business Days before the meeting is held. Each such invitation shall be accompanied by a copy for the notation of receipt.

Concerning the ways set out in paragraphs (2), (3) and (4) of this Article, the *Sukuk*holder shall have provided the Issuer or Clearing Agency with the information related to its country, address, e-mail or fax number to be valid. The Prospectus shall specify such means.

Article 11-65

In the event that a holder of Sukuk changes any of the information stated in Article (11-64), such change shall not be taken into consideration if not notified to the Issuer or Clearing Agency at least five Business Days before the invitation is sent.

Article 11-66

The person which made the invitation of the meeting of the *Sukuk*holders shall send the Authority, Representative, Issuer and Obligor notifications of the meeting agenda, time and venue at least five Business Days before the meeting is held.

Article 11-67

In the event that the Authority's representative fails to attend the meeting although the Authority is notified thereof, the meeting of the *Sukuk*holders Association shall not be deemed invalid.

Article 11-68

A Sukukholders Association may not discuss matters not listed in the agenda unless they are urgent matters that occurred after the agenda is prepared or are made known during the meeting. Such matters may also be addressed in the meeting if the Authority, Representative or Sukukholders who own 5% or more of the value of Sukuk apply for the same and such matters are not one of those shown in the second paragraph of Article (11-69) of this Module. If it is found during discussion that the information available concerning some of the matters discussed is insufficient, the meeting shall be delayed for ten Business Days at most if Sukukholders, who own 25% of the value of the Sukuk, apply for the same. The delayed meeting shall be held without a need for new invitation procedures.

Article 11-69

Resolutions issued by the *Sukuk*holders Association shall be deemed valid if the number of the members attending represents two thirds of the value of *Sukuk* issued. In the event that such quorum is not met, the *Sukuk*holders Association shall call for another meeting with the same agenda within five Business Days from the date of the first one. The second meeting may be held in the presence of a number of the members that represents one third only of the value of *Sukuk* issued. Resolutions are issued by the majority of two thirds. The second meeting may be held without need to new invitation procedures, if it is so stated in the invitation of the first one.

However, any resolution concerning extending the term of paying the value for *Sukuk*, reducing returns, debt capital or Securities or affecting the rights of *Sukuk*holders may not be issued unless the number of the members present in the meeting in which a resolution is made represents two thirds of the value of *Sukuk* issued.

Article 11-70

The Representative shall have the right to attend the Obligor's general meetings. The Obligor shall send the Representative the same invitation sent to shareholders. Representative shall have the right to take part in the discussion but not to vote.

Article 11-71

The Representative shall be entitled to suspend measures to reserve the right of *Sukuk*holders.

Continuing Obligations

Article 11-72

An Obligor of a Private Placement *Sukuk* s which is not listed on an Exchange shall directly disclose the Material Information related to the Obligor, Obligor and collaterals to the Authority and *Sukuk*holders, if such information is not public, including information related to any new fundamental developments in the field of its business or which can be expected to have a material influence on the obligations arising from *Sukuk*.

Article 11-73

An Issuer and an Obligor, as per each case individually, shall directly provide the Authority with a copy of all the correspondence it sends to *Sukuk*holders and shall reply to any inquiries made by the Authority in this regard.

Sukuk Notifications

Article 11-74

An Issuer and an Obligor shall notify the Authority, Representative, Clearing Agency and manager of a Special Purpose Vehicle Company in the event of:

1. Declaration of non-payment of any Periodic Distributions related to *Sukuk* or Securities issued or secured by it.
2. Proposed new issue of Shares, *Sukuk*, Securities, security or collateral related thereto.
3. Changes proposed in the capital.
4. Any transaction of purchase, redemption or cancellation of Shares, *Sukuk* or Securities issued or secured thereby immediately upon purchase, redemption or cancellation. The amount due in respect of such transactions shall be disclosed as well.
5. Bringing forward the deadline of *Sukuk* redemption, if any,
6. Changes to the rights related to any class of its listed Shares or to other *Sukuk* or Securities convertible into Shares issued or secured by it.
7. Proposed major changes to the Company Contract or other development that may affect *Sukuk* related rights.

Article 11-75

Any person who deals in Convertible *Sukuk* into Shares shall abide by the provisions of disclosure of interests stipulated in the Law and these Bylaws.

Financial Information and Sharia Report

Article 11-76

An Issuer and an Obligor shall provide the Authority and Representative with their annual report and financial statements audited by an Auditor registered by the Authority as well as their provisional financial statements and each report of an External Sharia Auditing Office.

Guaranteed Issue

Article 11-77

In the event that listed *Sukuk* are secured by a joint guarantee, the Issuer shall provide the Authority and Representative with the guarantor's annual report, annual financial statements audited by an Auditor registered by the Authority within no more than ninety days from the date of the end of the financial period referred to in the financial statements and shall reply to any inquiries directed by the Authority concerning the guarantee, provided that such reply be in the times set by the Authority.

Liquidation and Bankruptcy

Article 11-78

An Issuer and an Obligor shall notify the Authority and Representative of any matters that may affect the Obligor's ability to perform the obligations arising from *Sukuk*, particularly the following:

1. Inability or declaration of failure to meet the debts upon their maturity, declaration of inability to repay debts in accordance with the relevant laws, suspension of certain payments of debt or entering into negotiations on the actual or expected financial difficulties with one or more creditors with the aim of scheduling debt.
2. The Obligor's assets being less than its obligations, taking into account any potential and emergent obligations.
3. Any legal action is taken with the purpose of restructuring, liquidation, bankruptcy, winding up, plan of preventive composition, reconciliation, waiver, settlement with any creditor, liquidation application, issue of any order for the Obligor's liquidation or assignment of an administrator, liquidator, receiver or any other similar official related to the Obligor or the Obligor's assets.
4. Issue of a resolution of winding up, liquidation or termination of a period of time which entails that the Obligor shall be subject to the procedures of liquidation, bankruptcy or winding up.
5. Issue of a preliminary or final judgment, resolution or order of a judicial entity, which may affect negatively the ability of the Obligor to use any part of its assets, whose total value is more than 5% of the value of the net assets.

Creation of Trust Document

Article 11-79

An Obligor may establish a Trust Document accepted and signed by it for the interest of *Sukuk*holders. Such trust deed shall be included in the Prospectus and put into effect in its capacity as a Trustee with the purpose of protecting the rights of *Sukuk*holders in their capacity as the Interested Persons thereof.

Such Trustee may refer any rights or obligations arising from such Trust Document to the Delegate or Representative, who shall not have a direct or indirect interest in the Trust Document.

Trust Document Contents

Article 11-80

A Trust Document shall contain the following details with the consideration of the applicable laws and regulations:

1. Name of the Issuer in its capacity as the Trustee and declaration of the establishment of the Trust Document.
2. Describe the *Sukuk*holders in their capacity as the interested persons.
3. Description of *Sukuk* Assets.
4. Trust Document term and termination.
5. Determination of the cases of Trust Document winding up.
6. Trustee's rights, obligations and powers, and mechanism of the trustee's authorization of powers to the Delegate or Representative.
7. Further information required by the Authority.

The Authority may decide that any Trust Deed is invalid in the event that the trust document does not include the provisions stated in this article.

Article 11-81

A Trust Document may include the following additional provisions:

1. Rules regulating transactions in Sukuk Assets and subject of Trust Document,
2. Rights of Sukukholders.
3. Delegate's fees in accordance with the Article (11-82) of this Module.
4. Name of the Trust Document for the purpose of being entered into the Trust Document register maintained by the Authority.
5. Consequences of the cancellation or termination of the Trust Document.
6. Other provisions regulating the performance of the obligations of the Trustee and the relationship among the Trustee, Delegate and any of Sukukholders.

Article 11-82

A Trustee shall not be entitled to any separate fees in return for its services as a Trustee unless the Trust Document specifies the Delegate's fees. Such fees may be increased or decreased by virtue of a later written agreement with the Obligor or Originator (as per each case individually), provided that any increase of fees, agreed upon as such, is not borne by *Sukuk* Assets unless the holders of these *Sukuk* agree upon the same.

Article 11-83

The subject of and grounds for the obligations of the Trust Document shall be totally valid and defined in accordance with the purposes of issue.

In the event that a Trust Document is established in contradiction with the provisions of this chapter, the Issuer, Obligor or Originator (as per each case individually) shall take all the necessary actions for establishing a valid Trust Document that contains these provisions, provided that it conforms to the agreements referred to in respect of the invalid Trust Document and grants the same level of protection of *Sukuk*holders.

In the event that it is found difficult to create a valid Trust Document, the Issuer, Obligor or Originator (as per each case individually) shall be liable for indemnifying *Sukuk*holders for any losses that may result from failure to create a valid Trust Document based on the conditions stated in this Module.

Article 11-84

Unless the Trust Document stipulates otherwise, *Sukuk* Assets may be added to any Trust Document after being established in accordance with the type of *Sukuk* as defined in these Bylaws. Therefore, the yields, returns, profits and proceeds of *Sukuk* Assets shall be set out in the Trust Document.

Trustee's Obligations and Powers

Article 11-85

An Issuer, in its capacity as a Trustee, and the Delegate on its behalf, shall do the following:

1. Complete the actions of transferring the *Sukuk* Assets to the Trustee, in accordance with the Prospectus.
2. Perform its duties in accordance with the provisions and powers stipulated in the Trust Document and take necessary actions related thereto in accordance with the nature of each case and best relevant practices.
3. Manage and protect *Sukuk* Assets in a manner which complies with best practices and does not conflict with the provisions of the Trust Document.
4. Keep the accounting books and ledgers required and register all relevant dealings and activities related to Trust Document in an accurate and organized manner and separately from any other accounts and ledgers of any other activity performed by it.
5. Separate *Sukuk* Assets from private or other monies it disposes in its capacity as the Trustee in respect of any other Trust Document.
6. Notify the Issuer, Obligor or Originator (as per each case individually) and *Sukuk*holders of any information that may materially affect the value of the *Sukuk* Assets.
7. Register the Trust Document at the Authority and notify the Authority of any change of such information registered therein.
8. Take actions of liquidation of *Sukuk* Assets and divide the yields of liquidation among the holders thereof as set out in the Trust Document.
9. Perform other obligations as per the provisions of this chapter.

The Trustee shall perform the previous duties in this capacity.

Article 11-86

Creditors of a Trustee or Representative shall not have recourse against *Sukuk* Assets to repay debts to them. *Sukuk* Assets do not form part of the financial assets of the Trustee or Representative.

Article 11-87

In the event that a Trustee or Delegate has a direct or indirect personal interest which may conflict with the requirements of its work as a Trustee or Delegate, the Trustee shall immediately disclose such interest to the Authority. The Authority shall have the right to appoint another person licensed to perform the duties of a Trustee or Delegate or take measures to eliminate the conflicts of interest.

Article 11-88

The Authority may cancel any act by a Trustee or Representative which is related to *Sukuk* Assets if such act represents a breach of the duty of the Trustee or Representative to act in good faith or to protect the interests of *Sukuk*holders. Such Trustee, Representative or third party shall restore things to their original condition prior to the breach.

Article 11-89

A Trustee and Representative may not be exempt wholly or partially from their responsibility due to an act of gross error or wilful negligence.

Article 11-90

A Trustee may not abdicate its duties as a Trustee during the *Sukuk Term*. It may be substituted by *Sukuk*holders in accordance with the rules, conditions and procedures stated in the Trust Document and the provisions of this Chapter.

A Trustee or Representative shall continuously exercise its activities in all cases until a substitute is appointed in accordance with the provisions of this chapter.

Article 11-91

In the event it be removed, a Trustee shall present a final account of the Trust Document to *Sukuk*holders and the Authority, which report shall be accompanied by all information, transactions and documents of the commercial and accounting activities the Trustee undertook for the interest of the Trust Document.

Expiry of a Trust Document

Article 11-92

A Trust Document shall expire in the following cases:

1. Upon the end of the term agreed upon.
2. If it is impossible to proceed with the subject of Obligation of the Trust Document or to prove its being legal.
3. In the event of extinction of the financial obligation which the Trust Document is created to perform.
4. In the event that the Trustee, Representative and *Sukuk*holders agree in writing to terminate the Trust Document. In such case, the Authority's approval is deemed a condition precedent.
5. Other cases stated in the Trust Document.

Article 11-93

Upon the end of the Trust Document, the *Sukuk* Assets shall be liquidated and the liquidation proceeds shall be used to perform the Issuer's obligations towards *Sukuk*holders unless the Trust Document states otherwise, provided that the remaining part of the liquidation proceeds shall be used as specified by the Authority.

Trust Registry

Article 11-94

The Authority shall create a Trust Document Registry for the purpose of issuing *Sukuk*. Each Trust Document shall have detailed information entered into this Registry. Any data or information entered into the Trust Document Registry shall only be disclosed to any person in the following cases:

1. Issue of a court injunction or investigation authority order.
2. Disclosure of such information is set forth in the laws or regulations.
3. Disclosure is made to *Sukuk*holders.

Chapter Twelve
Rules for Bonds

Scope of Application

Article 12-1

The provisions of this chapter shall apply to Bonds issued by:

1. Kuwaiti government, ministries, public authorities and institutions.
2. Public Shareholding Companies.
3. Closed Shareholding Companies.
4. Special Purpose Vehicle Companies regulated by the Authority in accordance with Paragraph (9) of Article (5) of the Authority's law and the regulations issued by the Authority.
5. Foreign Issuers.

General Conditions of Issuance

Article 12-2

Kuwaiti Government, ministries, public authorities, institutions, Public Shareholding Companies and Closed Shareholding Companies may obtain finance against issuing tradable Bonds which are divided among subscribers in consideration of a subscription payment. Such Bonds may be issued either directly or indirectly.

Article 12-3

Companies may not issue Bonds directly or indirectly, unless they meet the following conditions:

1. The issued capital of Issuer or Obligor is paid in full, excluding convertible Bonds into Shares.
2. The ordinary general assembly issues a resolution on Bonds issue to the Issuer.
3. The Authority issues a resolution on approving Bonds issue.
4. Central Bank grants approval for the Bonds, which the company issues or is obliged through certain units under the bank supervision.

Article 12-4

An Issuer may make a Public Offer for Bonds in the event that the Issuer takes one of the following forms:

1. Public Shareholding Company.
2. Special Purpose Vehicle Company, provided that such Bonds are secured in full by an Obligor which shall be in the form of a Public Shareholding Company.

Article 12-5

Bonds offered for Public Offer shall meet the following conditions:

1. They shall not be redeemable before one year from their issue.
2. They produce periodical yields, whether such yields be fixed or variable.
3. They do not include any Financial Derivatives, such as swap deals or option contracts, excluding Convertible Bonds, wherein the option right implied shall be subject to the discretion of the Bondholders and Shares subject to swap shall be listed on the Exchange.

Article 12-6

The Authority may determine the specific amount of Bonds to be issued by certain company or in a specific issue.

This article shall not apply to Bonds secured by the State or one of the public authorities or institutions.

Article 12-7

The same issue shall be comprised of registered Bonds of the same value. Bonds of the same category in the same issue shall give their holders equal rights.

Article 12-8

Bonds, whose returns represent a part of the company annual profits, may be issued. Bonds, whose returns and value are paid as a lump sum upon their redemption or performance of value may be issued.

Article 12-9

Perpetual Bonds may be issued if they abide by all the standards and requirements of Basel Committee on Capital Adequacy and any further resolutions or instructions issued by Regulatory Bodies in this regard. Subscription in such Bonds shall be limited to Professional Clients only while other clients may not subscribe therein.

Article 12-10

An Issuer may issue Bonds to be subscribed in, in less than their par value. In the event that direct issue, Issuer shall and in the event that Indirect Issue, Obligor shall meet the par value of Bonds and calculate the determined returns thereof based on the value subscribed in.

Article 12-11

Obligor shall accept Bonds issued to fulfil its debts, even if before the date of their redemption, provided that the following conditions are met:

1. Indebtedness is documented in the Obligor's registers at least one year before payment thereof.
2. Indebtedness is not resulting from asset purchase or exchange between Obligor and Bondholder.
3. Approval of Bondholders' Association to redeem such Bonds prior to the date of their redemption in accordance with the mechanism stipulated in the Article (12-55) in this Module.

Article 12-12

Obligor shall be entitled to re-offer Bonds, which it accepted in accordance with Article (12-11) in this Module, for subscription if such subscription is not prohibited based on the Company Contract or in the event that such Bonds are recovered pursuant to an obligation of redemption on the Obligor. Offer of recovered Bonds for Subscription again shall not be deemed a new Subscription in accordance with the provisions of the previous Article and the provisions applicable to the Bonds subscribed in, in the same issue, shall be applicable to the Bonds re-offered.

Bonds listed on the Exchange and issued by banks shall be exempt from the conditions provided for in this article concerning the Obligor's acceptance of Bonds to fulfil the debts due to the Obligor.

Article 12-13

If the Issuer is a Special Purpose Vehicle Company based outside Kuwait, Issuer and Obligor shall provide an evidence that they have acquired all the necessary approvals of forming the Special Purpose Vehicle Company and issuing Bonds in accordance with the laws, rules and regulations applicable in the country of formation.

Article 12-14

Bonds shall be redeemed due to the conditions shown in the Prospectus. In the event that there is specific date set for paying the value of Bonds, may only be brought forward or backward pursuant to the conditions stipulated in the Prospectus.

Article 12-15

If the Obligor is winding up or liquidated for reasons other than Merger, Bondholders shall be entitled to require the fulfilment of their value prior to their date of maturity and the Obligor may propose the same. In the event that bonds value is fulfilled by either means, the yields of the remaining period of time of the bonds term shall be dropped, unless the Prospectus provides for otherwise.

Article 12-16

Obligations arising from Bonds shall become extinct based on the conditions of extinction stipulated in the Prospectus. Obligor shall notify the Authority of the same within Business Days after the date of obligations extinction, expressing the grounds thereof and shall attach the opinion of Auditor, Paying Agent and Clearing Agency to such notification.

Government Bonds

Article 12-17

Provisions of the relevant laws and decrees and their executive resolution shall apply to Government Bonds. The provision stipulated in this Module shall apply to government bonds as long as they do not conflict with such decrees and amendments thereof.

In the event that issue of Government Bonds by a Special Purpose Vehicle Company, the entity authorized by the Minister of Finance shall establish the said company, which shall be subject to the provisions stated in its memorandum of association and the provisions of this Module shall apply to the matters not dealt with in the said memorandum.

Article 12-18

Government, ministries, public authorities and institutions may issue permanent Government Bonds having no specific maturity date, that the Issuing entities shall be entitled to recover such Bonds wholly or partially at any time upon their discretion or to redeem them either wholly or partially within specific periods of time at any time after declaring their desire to do the same.

Article 12-19

Without prejudice to the laws and decrees related to the issue of Government Bonds and their executive resolutions, the Authority may exempt Government Bonds from all or part of the provisions of this Module in accordance with a memorandum of understanding to be signed by the Authority and the Central Bank.

Short-Term Bonds

Article 12-20

The Issuer or Obligor has the right to issue Short-Term Bonds, provided that such Bonds shall be offered for Private Placement to the Professional Clients only.

Article 12-21

Issuing Short-Term Bonds shall be within an Issue Program. The Short-Term Bonds program is excluded from the provisions related to the BondsHolders Association of this Module.

Sustainability Bonds Rules

Article 12-22

Green Bonds, Social Bonds, or Sustainability Bonds whose proceeds are allocated to financing or refinancing the green eco-friendly projects or the social projects may be issued.

Article 12-23

A Green Bonds, Social Bonds, or Sustainability Bonds request shall be submitted to the Authority pursuant to Articles (2-7) and (2-8) in addition to the following:

1. The framework document of the Green Bonds, Social Bonds, or Sustainability Bonds prepared in accordance with the relevant principles and guidance of the International Capital Markets Association (ICMA), pursuant to the standards of the Climate Bond Initiative or any other international frameworks, provided that such frameworks shall include rules and standards regarding determining the qualified projects, using and managing proceeds, and reports preparation.
2. A report by an independent entity/party that is specialized in the environmental or social matters on reviewing the framework of the Green Bonds, Social Bonds, or Sustainability Bonds and the use of their proceeds and management, and the standards according to which the green or social projects are selected.

Article 12-24

The Issuer/Obligor shall provide copies of the following reports on the Issuer's website and present them in the meeting of the Bondholders' Association:

1. Annual report by the Issuer/Obligor determining the company's compliance with the green framework, social framework, or sustainability framework which specify the Issuer's commitments related to the environmental or social matters.
2. Annual report by the auditor of the Issuer/Obligor determining the use of the Bonds proceeds in the green projects or social projects and the compliance of the Issuer in the green framework, social framework, or sustainability framework and the projects specified for this purpose.
3. A report by an independent entity/party that is specialized in the environmental or social matters on reviewing the framework of the Green Bonds, Social Bonds, or Sustainability Bonds and the use of their proceeds and management, and the standards according to which the green or social projects are selected.

In addition to providing copies of such reports on the website of the Issuer.

Provisions of Convertible Bonds

Article 12-25

Company shall be entitled to issue Convertible *Sukuk* into Shares in accordance with a resolution issued by extraordinary meeting based on a reasoned proposal by the Board of Directors pursuant to the following regulations and provisions:

1. Establishing the rules, which convert Bonds into Shares in accordance with, especially the value of Shares upon which conversion shall take place.
2. The price of issuing Bonds shall not be less than the par value of Shares.
3. The total par value of Share which Bonds are proposed to be converted into, in addition to the par value of Shares of Issuer at the time of issue of this kind of Bonds shall not exceed the authorized capital.
4. The term within which the application of converting Bonds into Shares is permissible.
5. Eligibility of Bondholder to recover their value if it does not desire to convert them into Shares.

Article 12-26

Company's shareholders shall have a Pre-emptive Right to subscribe in Convertible Bond, if they desire to within a period of fifteen Business Days from the date of being called for using such right. Shareholders may use their pre-emptive right of subscription in such Bonds by exceeding their share in the company's capital in the event that the Subscription conditions provide for the same, unless the company's general assembly issues a resolution that the shareholders waive their priority right to subscribe in these Bonds.

Article 12-27

Bondholders, who desire to convert them into Shares shall express their desire within the said period stated in the Prospectus. Bonds shall be converted into Shares in accordance with the conditions shown in the Prospectus. The company shall fulfil the value of Bonds whose holders do not desire to convert into Shares on the maturity date, unless the Prospectus states otherwise.

Article 12-28

Having issued a Convertible Bond, Obligor may not, to the date of their conversion or redemption, take the following actions, unless it is approved by the Authority:

1. Issue bonus Shares or profits of the reserve.
2. Issue other Convertible Bonds.
3. Increase the percentage of the minimum profits decided to be divided among shareholders, unless the Prospectus does not stipulate otherwise, without need to get the Authority's approval.

Article 12-29

Shares acquired by Bondholders due to the conversion of their Bonds shall have a share in profits determined to be distributed for the financial year during which the conversion takes place.

Article 12-30

An Obligor may issue Bonds whose holders shall have pre-emptive right to subscribe in any capital increase. Such issue shall take place for who may desire during a maximum period of fifteen Business Days from the date of notifying the same to Bondholders. The Pre-emptive Right shall be limited to subscription in Shares, whose par value does not exceed the value of Bonds owned by who uses such right, unless the Prospectus of shares of capital increase stipulates otherwise.

Article 12-31

Any amendment of the conditions of converting Bonds into Shares after the issue of Bonds shall be approved by Bondholders Association, unless the Prospectus includes certain provisions aiming at regulating such amendment, provided that the amendment shall be consistent with the Prospectus.

Article 12-32

Obligor's Board of Directors may issue a resolution of increasing its issued capital by the portion needed for converting Bonds into Shares in accordance with the conditions and regulations of the Prospectus. The execution of such resolution shall be binding on meeting the conditions of converting Bonds into Shares in accordance with the Prospectus. Such resolution shall be attached to the documents submitted to the Authority to acquire the approval for issue of Bonds.

Upon meeting the conditions of converting Bonds into Shares, the Representative shall notify the Obligor of the names of the Bondholders who desire to convert their Bonds to Shares and the number of Shares eligible for each of them.

Article 12-33

An Obligor may, within fifteen Business Days of receiving the notification referred to in Article (12-32) in this Module, take the necessary actions for making a notation of the Board resolution indicated in this Module on the Commercial Register and recommending to the Clearing Agency, which maintains the register of the Obligor's shareholders, to issue Shares and divide them among the beneficiaries.

Article 12-34

In the event that the Obligor refrains from taking the actions stated in Article (12-33) in this Module, the Authority shall, pursuant to the representative's application, address the Ministry and Clearing Agency to take such actions shown in Article (12-33) in this Module, after verifying that the Obligor's refraining from taking these actions is unjustifiable.

Article 12-35

An Obligor shall be prohibited from reducing its capital without the approval of the Bondholders' Association. Such prohibition shall not apply in the event that reducing the capital due to losses which cannot be covered by the Obligor's profits.

Conditions of Guaranteed Bonds

Article 12-36

In the event that Bonds are secured by a joint guarantee, the guarantor shall provide the same information, data, statements and representations stipulated in this Module concerning the Issuer and Obligor, unless any relevant obligation, based on its nature, applies only to the Issuer and Obligor.

Article 12-37

The same information required to be included in the Prospectus about the Issuer and Obligor shall be required for the guarantor as well.

All the legal approvals necessary shall be acquired duly to insure the validation and effectiveness of security against the guarantor or third party.

Article 12-38

In the event that the issue of Bonds is secured by a Listed Company in the Exchange or in another Exchange outside Kuwait, the Authority may exempt the guarantor from disclosing the information, the Authority finds not material for Bondholders.

Article 12-39

In the event that Bonds are secured by an undertaking based on collateral in kind, it shall meet all the legal requirements of pledge or collateral for the interest of Bondholders' Association or its representative to make it valid and effective, before Bonds are offered for subscription. An Issuer, Obligor or the entity, which provided the collateral shall take such actions.

Article 12-40

An Obligor shall, within a period of no more than one month from the termination of the subscription period determined, take necessary actions to make a notation of the total of Bonds issued and secured by an undertaking in the pledge register. The notation application shall be attached to a statement approved by the Clearing Agency, which maintains the register of Bondholders that includes the names of Bondholders, the number and value of Bonds. Representative may take the action referred to in Article (12-39) in this Module, in the event that the Obligor refrains from taking it.

Paying Agent

Article 12-41

An Obligor shall assign a Payment Agent in the State of Kuwait, who should be approved by the Authority, to perform the duties of the Paying Agent until Bonds redemption. The Authority may decide to replace the Paying Agent with another one, if it finds that such action shall reserve the rights of Bondholders. Obligor may not replace the Paying Agent after getting the Authority's approval.

Issue of Bonds by Special Purpose Vehicle Company

Article 12-42

The Obligor, who may issue Bonds in accordance with this Module, may apply to the Authority for approving the issue of Bonds in accordance with this Module through a Special Purpose Vehicle Company formed for this purpose in specific, where such Bonds are secured by a joint guarantee issued by the Obligor or third party to insure the fulfilment of the obligations arising from the Bonds in their due dates. Bonds issued may also be guaranteed by assets transferred by the Obligor or third party to the Special Purpose Vehicle Company and meant to insure the fulfilment of the Bonds, the Obligor or third party may pledge some assets or obtain bank guarantee to secure Bonds or the Obligor may offer all or some of these Securities.

Article 12-43

Money from the subscription in Bonds issued by a Special Purpose Vehicle Company shall be transferred to the Obligor pursuant to a loan contract made by and between the Special Purpose Vehicle Company and the Obligor due to which the Obligor borrows an amount from the Special Purpose Vehicle Company, which equals the total subscription payment, where the terms, returns, maturity dates and expiration of loan are the same as the bonds terms, returns, maturity dates and expiration, provided that the Prospectus includes a copy of the draft of this contract.

Article 12-44

An Obligor shall repay the loan referred to in Article (12-43) in this Module and returns thereof in accordance with the terms shown in the Prospectus by depositing such amounts in the account opened for this purpose, provided that the Paying Agent shall pay such amounts to the Bondholders as per the Prospectus.

Article 12-45

Bonds may be issued by a Special Purpose Vehicle Company with the purpose of entering into securitization process, where Bondholders have recourse on the assets of the Bonds, subject to Securitization and it is potential to enhance the creditworthiness of the Bonds by the Obligor or third party.

The provisions of the Trust Document included in Chapter Eleven (*Sukuk*) of this Module shall apply to Asset-Backed Bonds.

Bondholders Association

Article 12-46

Prospectus shall include provisions of forming a Bondholders Association. In such case, provisions of Articles from (12-47) to (12-57) of this Module shall apply to this Authority.

Article 12-47

Each issue shall have a separate association of Bondholders to protect the common interests of the members thereof. One of the members of this Association or a third party shall be appointed as the legal representative thereof. Issuer shall, within one month of the date of the end of subscription in Bonds, call for the Bondholders' Association to approve the statute and elect or choose the representative thereof. If the Issuer fails to call for the Bondholders' Association to meet within the period referred to in the previous paragraph, any relevant party shall have the right to apply to the Authority for calling for the Bondholders' Association to meet within a period of no more than fifteen Business Days from the date of applying.

Article 12-48

Bondholders' Association shall hold meetings thereof pursuant to the representative's or Issuer's invitation or in accordance with an application made by Bondholders representing at least 5% of the value thereof or upon the Authority's request. Meeting of the Bondholders' Association shall be chaired by the Representative or whoever elected thereby for such purpose.

Article 12-49

The invitation to the meeting of the Bondholders Association shall include the agenda, time and venue thereof issued by one of the following ways:

1. Announcing the meeting in two national daily journals and on the Exchange at least five days before the meeting is held.
2. Via certified mails to be sent to the Bondholders at least five Business Days before the meeting is held.
3. By e-mail or fax at least five Business Days before the meeting is held.
4. By hand to the Bondholders or their due representative at least three Business Days before the meeting is held. Invitation copy shall bear a notation of receipt.

Concerning the ways shown in paragraphs (2), (3) and (4) of this Article, the Bondholders shall have provided the Issuer or Clearing Agency with the information related to its country, address, e-mail or fax No. to be valid. Prospectus shall specify such means.

Article 12-50

In the event that the holder of Bonds changes any of the information stated in Article (12-49), such change shall not be taken into consideration if not notified to the Issuer or Clearing Agency at least five Business Days before the invitation is sent.

Article 12-51

The Person, which made the invitation of the meeting of the Bondholders, shall send the Authority, Representative, Issuer and Obligor notifications of the meeting agenda, time and venue at least five Business Days before the meeting is held.

Article 12-52 In the event that the Authority's representative fails to attend the meeting although the Authority is notified thereof, the meeting of the Bondholders' Association shall not be deemed invalid.

Article 12-53 Bondholders' Association may not discuss matters not listed in the agenda, unless they are urgent matters that occurred after the agenda is prepared or are known during the meeting. Such matters may also be tackled in the meeting, if the Authority, Representative or Bondholders who own 5% of the value of Bonds apply for the same. If it is found during discussion that the information available of some of the matters discussed is insufficient, meeting shall be delayed for ten Business Days at most if Bondholders, who own 25% of the value of the Bonds, apply for the same. The delayed meeting shall be held without need to new invitation procedures.

Article 12-54 Resolutions issued by the Bondholders' Association shall be deemed valid only if the number of the members attending represents two thirds of the value of Bonds issued. In the event that such quorum is not met, the Bondholders' Association shall call for another meeting of the same agenda within five Business Days from the date of the first one. The second meeting may be held in the presence of a number of the members that represents one third only of the value of Bonds issued. Resolutions are issued by the majority of two thirds. The second meeting may be held without need to new invitation procedures, if it is stated in the invitation of the first one.

Article 12-55 Any resolution concerning extending the term of paying the value for Bonds, or decrease returns, or debt capital or Securities or affects the rights of Bondholders may not be issued unless the number of the members present in the meeting in which a resolution is made represents two thirds of the value of Bonds issued.

Resolutions of the Bondholders' Association shall apply to the absent bondholders and to the breaching present holders as well.

Article 12-56 A Representative shall have the right to attend the Obligor's general meetings. The Obligor shall send the representative the same invitation sent to shareholders. A Representative shall have the right to take part in the discussion rather than voting.

Article 12-57 A Representative shall be entitled to take standstill measures to reserve the right of Bondholders.

Continuing Obligations

Article 12-58

Obligor of Bonds subscribed in, in a Private Placement and unlisted on the Exchange, shall directly disclose the Material Information related to the Obligor, Obligor and collateral to the Authority and Bondholders, if such information, including information related to any new fundamental developments in the field of its business, are not public and are expected to have a material influence on the obligations arising from Bonds.

Article 12-59

Issuer and Obligor, as per each case individually, shall directly provide the Authority with a copy of all the correspondence it sends to Bondholders and shall reply to any inquiries made by the Authority in this regard.

Bond Notification

Article 12-60

Issuer and Obligor shall notify the Authority, representative, Clearing Agency and manager of Special Purpose Vehicle Company of:

1. Declaration of non-payment of any Periodic Distributions related to Bonds or Securities issued or secured by it.
2. Proposed new issue of Shares, Bonds, and Securities, security or collateral related thereto.
3. Changes proposed in the capital.
4. Any transaction of purchase, redemption or cancellation of Shares, Bonds or Securities issued or secured thereby immediately upon purchase, redemption or cancellation. The amount due in respect of such transactions shall be disclosed as well.
5. Bringing forward the deadline of Bonds redemption, if any.
6. Changes to the rights related to any class of its listed Shares, Bonds or Securities convertible into Shares issued or secured by it.
7. Proposed major changes to the Company Contract or other development that may affect Bonds-related rights.

Article 12-61

Any person who deals with a Convertible Bond shall abide by the provisions of disclosure of interests stipulated in the Law and these Bylaws.

Continuing Obligations of Guaranteed Issue

Article 12-62

In the event that the listed Bonds are secured by a joint guarantee, Issuer shall provide the Authority and Representative with the guarantor's annual report, audited annual financial statements within no more than ninety days from the date of the end of the financial period referred to in the financial statements and shall reply to any inquiries directed by the Authority concerning the guarantee.

Article 12-63

Liquidation and Bankruptcy

An Obligor shall notify the Authority and Representative of any matters that may affect the Obligor's ability to perform the obligations arising from Bonds, particularly the following:

1. Inability or declaration of failure to meet the debts upon their maturity, declaration of inability to repay debts in accordance with the relevant laws, suspension of certain payments of debts or entering into negotiations on the actual or expected financial difficulties with one or more creditors with the aim of scheduling the debt.
2. An Obligor's assets being less than its obligations (taking into account any potential and emergent obligations).
3. Any legal actions taken with the purpose of restructuring, liquidation, bankruptcy, winding up, plan of preventive composition, reconciliation, waiver, settlement with any creditor, liquidation application, issue of any order for the Obligor's liquidation or assignment of an administrator, liquidator, receiver or any other similar official related to the Obligor or the Obligor's assets.
4. Issue of a resolution of winding up, liquidation or termination of a period of time which entails that the Obligor shall be subject to the procedures of liquidation, bankruptcy or winding up.
5. Issue of a judgment, resolution or order of a competent judicial entity (in the first instance or appeal), which may affect negatively the ability of the Obligor's to use any part of its assets, whose total value is more than 5% of the value of the net assets.

Chapter Thirteen
Preferred Shares

Scope of Application

Article 13-1

The provisions of this chapter shall apply to the issue, trading, conversion and redemption of Preferred Shares, rights of Preferred Shares' shareholders, continuing obligations and disclosure conditions.

The provisions of this Chapter shall apply to the Preferred Shares issued by:

1. Public Shareholding Companies.
2. Closed Shareholding Companies.

Article 13-2

An issue of Preferred Shares is preconditioned by:

1. The Company's Memorandum of Association shall stipulate the permission of issuance of Preferred Shares.
2. Issuance of a resolution by the general assembly -as the case may be- approving the issue of Preferred Shares and including a statement of the privileges granted to Preferred Shares.
3. Paying up the par value of all issued Shares.
4. Accumulated losses shall not exceed 75% of the paid-up capital of the Issuer.
5. The total issued capital and the new issued capital shall not be more than the authorized capital of the Issuer.
6. Meeting the capital adequacy regulations stipulated in Module Seventeen of these Bylaws and any other requirements relevant to the capital which are required by the Authority.
7. Issuance of a resolution by the Authority approving the issue of Preferred Shares.
8. Obtaining approval of the Central Bank regarding the Preferred Shares issued by Units Subject to its Supervision.
9. If the Issuer is a non-Kuwaiti national, approval shall be obtained from the concerned entities in the country of incorporation.
10. Preferred Shares issued in Kuwait shall be denominated only in Kuwaiti Dinars, and the par value of each Preferred Share shall not be less than the value decided in the laws and regulations in the State of Kuwait.

Method of Offering Preferred Shares

Article 13-3

Taking into account the provisions of this Module, Preferred Shares shall be issued by Public Offer or Private Placement to Professional Clients in accordance with a Prospectus approved by the Authority.

Subscription Agent

Article 13-4

An Issuer may appoint one or more entities as a Subscription Agent licensed by the Authority to help manage and market subscription in Preferred Shares on behalf of the Issuer. The Issuer and Subscription Agent shall conclude a contract regulating the rights, responsibilities, obligations and duties of both parties related to issue within the framework of the Subscription Agent's tasks.

Subscription Agent

Article 13-5

The Licensed Person, who is licensed by the Authority to practice the activity of a Subscription Agent and intends to practice the activity of Securities-Based Crowdfunding shall be exempt.

Article 13-6

A Subscription Agent in Preferred Shares shall perform the following duties at least:

1. Act as the main liaison entity with the Authority concerning the issue of Preferred Shares.
2. Make sure that the Issuer completes all the conditions required for issuing the Preferred Shares.
3. Provide information and notes to the Authority within a specific period of time in the manner required by the Authority.

Subscription

Article 13-7

Subscriptions for Preferred Shares shall take place in accordance with the provisions of Chapter Five (Subscription in Securities) of this Module.

Article 13-8

The first page in any Prospectus shall include a prominent legible framed disclaimer written in bold as follows: "The instruments referred to in this Prospectus constitute Preferred Shares. These instruments are more risky than other ordinary Bonds since their profits may not be guaranteed. Investors are advised to study the risk elements thoroughly before making an investment decision on such an offer. In considering their investment decision, investors shall depend on their evaluation of the Issuer, offer and implicit risks. This Prospectus shall not be taken to be a recommendation by the Capital Markets Authority for investing in Securities. The Capital Markets Authority does not ensure accuracy or adequacy of the information included in this Prospectus".

Article 13-9

An Issuer shall classify the Preferred Shares for accounting purposes in accordance with the International Financial Reporting Standards, taking into consideration the Preferred Shares structure. The Issuer shall submit an opinion of an Auditor registered with the Authority supporting its classification of the Preferred Shares with a statement of the assumptions under which they have formed their opinion concerning the classification. The Authority shall have the right to require the Issuer to reclassify any such Preferred Shares.

Subscription Payment

Article 13-10

The amount of subscription in Preferred Shares shall be paid as a lump sum or by instalment in accordance with the Prospectus. In the event that the value of the Shares is to be paid by instalment, instalments shall be determined in accordance with the provisions of the Companies Laws.

In the event that Preferred Shares are to be issued partly-paid, the holder of such Preferred Shares shall be liable for any payment request against the Preferred Shares pursuant to the conditions stated in the Prospectus. If any profits are due to be paid to the Shares, such profits shall be paid in proportion with the Preferred Shares capital paid.

Shareholders' Preemptive Rights

Article 13-11

An Issuer shall notify all the holders of Preferred Shares of the following:

1. New issue of Preferred Shares.
2. Shareholders' Pre-emptive Rights.
3. Pre-emptive Rights operational mechanisms.

Subscription Deficit or Surplus

Article 13-12

Any deficit or surplus related to a subscription for Preferred Shares shall be dealt with in accordance with the provisions stated in the Prospectus, provisions of the Companies Laws and Executive Regulations and any other relevant rules or regulations.

Preferred Shareholders' Rights

Article 13-13

The company contract of an Issuer or Prospectus shall set out the rights of Preferred Shareholders related to the following:

1. Priority of capital and profits payment.
2. Voting rights.
3. Profits accumulation.
4. Preferred Shares redemption.
5. Conversion rights.
6. Sharing any surplus of assets in the event of liquidation.
7. Profit sharing.
8. Any other rights provided for in the Company's Law.

Article 13-14

In the event that payment of the profits due shown in the Prospectus is delayed for ten Business Days for any reason, the Issuer shall not be entitled to act as follows without the approval of a number of Preferred Shareholders that represent two thirds of the total number of Shares:

1. Declare or pay any cash or in-kind profits to the ordinary shareholders prior to paying the profits due to Preferred Shareholders.
2. Recover or repurchase Securities issued by Issuer or reduce the capital of any Securities issued by the Issuer of equal or lower value than the Preferred Shares.

Article 13-15

Without prejudice to any other right shown in this Module and unless the Prospectus stipulates any additional rights, Preferred Shareholders listed in the registry of shareholders maintained by the Clearing Agency shall have the right, as of the date set in the registry, to attend the Issuer's general assembly meetings and share in the discussions without voting on the resolutions discussed before the assembly unless the Prospectus or the Company Contract provides otherwise.

Article 13-16

Preferred Shareholders who represent 5% or more of a specific class of issued Preferred Shares shall be entitled to apply for the Board of Directors to hold a meeting of the holders of the same class of Preferred Shares. The Board of Directors shall call for holding such meeting within fifteen Business Days from the date of application.

Amendment of Shareholders' Rights

Article 13-17

Rights, privileges and restrictions related to specific type of Shares may only be amended pursuant to a resolution of the general ordinary assembly or the approval of two thirds of shareholders.

In the event that an amendment affects the rights of the holders of another class of shares, such amendment shall take place in accordance with the approval of two thirds of the holders of the affected Shares.

Article 13-18

Resolutions for the Issuer's liquidation, reduction of the Issuer's capital or redemption of the Preferred Shares may only be passed upon the conditions shown in the Prospectus without the approval of two thirds of the Preferred Shareholders.

Article 13-19

The Issuer's Board of Directors shall notify the shareholders of each class of Preferred Shares of any amendments which affect the rights of the other classes of Preferred Shares by certified mail to the address shown in the registry maintained by the Clearing Agency or by any other means stated in the Prospectus upon the issue of the extraordinary general assembly. In the case of Convertible Preferred Shares, such notifications shall state the possible effects on the Issuer's ordinary Shares into which the Convertible Preferred Shares shall be converted.

Article 13-20

A Prospectus may include a paragraph which states that if the whole profits of Preferred Shares are not distributed for two consecutive financial years of the Issuer the shareholders of this class of Preferred Shares shall be entitled to vote on the resolutions of the Issuer's general assembly, even if such Shares do not give them the right to vote. The voting right in such case shall be granted to the holders of the ordinary Shares and Preferred Shares in accordance with the proportion of each class in the paid-up capital.

In the event that the Issuer pays the delayed profits, the temporary voting right of the Preferred Shareholders on the on the resolutions of the Issuer's general assembly shall be naturally lapsed.

Trading in Preferred Shares

Article 13-21

Trading in Preferred Shares shall be subject to the provisions of dealing in Securities stipulated in these Bylaws.

Conditions for the redemption of Preferred Shares

Article 13-22

Companies which issue Redeemable Preferred Shares may recover such Shares as per the controls included in the Prospectus and in accordance with the following conditions:

1. Pay the value of the Preferred Shares in full.
2. Pay the value of the Preferred Shares from the Issuer's profits or from returns of a new issue of new Securities, which are allotted for the purpose of such redemption.

In the event that there is a proposal for the redemption of Preferred Shares from the Issuer's profits, an amount that equals the par value of the Preferred Shares recovered of the Issuer's profits shall be transferred to a reserve account named the reserve account of Preferred Shares redemption.

Article 13-23

Upon the redemption of Preferred Shares, the issued capital issued Issuer shall be reduced by the par value of the Preferred Shares redeemed. Therefore, such Preferred Shares shall be deemed cancelled.

Article 13-24

The Issuer shall notify the Authority, Ministry, other Regulatory Bodies and Clearing Agency of such redemption fifteen Business Days before the date of redemption of Preferred Shares.

Article 13-25

The Issuer shall redeem Preferred Shares in accordance with the issue conditions in the manner specified in the Prospectus.

Article 13-26

In the event that the Issuer desires to delay the redemption of the Preferred Shares or the profits thereof, if any, it shall call for a meeting for the holders of such specific class of the Preferred Shares to discuss the reasons and justifications for such delay and take the necessary resolution in this concern, in accordance with this Module, within a maximum period of twenty Business Days of the date of redemption set in the Prospectus.

Article 13-27

The Issuer shall provide the Authority with the following information within fifteen Business Days from the date of redemption:

1. Number of Preferred Shares redeemed.
2. Date of redemption.
3. Value of redemption.

Article 13-28

A statement from the Issuer to the Authority concerning the redemption of Shares shall be accompanied by a statement of the capital and shall include the following information related to the issued capital immediately prior to the redemption and thereafter:

1. Total number of Shares issued.
2. Total par value of Shares.
3. Details stated of the Shares relevant rights.
4. Total number of Shares of the specific class.
5. Total par value of Shares of the specific class.
6. Amount paid and unpaid.
7. Calculation of the premium on Shares (if any).
8. Cash reserve for capital redemption (if any).
9. Capital reserve.
10. Voluntary reserves.
11. Other reserves (if any).

Article 13-29

In the event that any one of the Preferred Shareholders does not claim for the redemption value within six months from the date of redemption, the Issuer shall, within ten Business Days from the end of the whole period, transfer the total unpaid redemption value to a special account opened by the Issuer in one of the national banks for this purpose. The account of the unpaid redemption amount may not be used for purposes other than the redemption of the Preferred Shares by the eligible shareholders.

Article 13-30

The Issuer shall maintain a list of the names of the shareholders who have the right to receive the amount of the unpaid redemption and the last address known for each and the recovered amount of each.

Convertible Preferred Shares Issue Conditions

Article 13-31

Companies shall have the right to issue Convertible Preferred Shares which are convertible into ordinary Shares in accordance with a resolution issued by an extraordinary general assembly of the company pursuant to a justified proposal of the Board of Directors in accordance with the following provisions and regulations:

1. Determine the rules upon which the Preferred Shares can be converted into ordinary Shares, particularly the share value on which the conversion shall be carried out.
2. The Preferred Share issue rate to be not less than the par value of the ordinary share.
3. The par value of shares into which the preferred shares are proposed to be converted, in addition to the par value of the Shares issued at the time of this issue of preferred shares, and the amount of authorized capital.
4. The period during which Preferred Shares may be required to be converted into ordinary Shares.
5. How far an owner of Preferred Shares is entitled to recover their value if it does not desire to convert them.

Article 13-32

Shareholders shall have Pre-emptive Rights to subscribe in Convertible Preferred Shares if they express desire for the same within fifteen Business Days at most from the date of being informed of such right. A shareholder may use its pre-emptive right to subscribe in these Shares so as to exceed its share in the capital if the subscription conditions allow it, unless the general assembly of the company issues a resolution declaring that shareholders shall assign their pre-emptive right to subscribe in such Shares.

Article 13-33

An owner of Preferred Shares who desire to convert their Shares into ordinary Shares shall express such desire within the period agreed upon in the Prospectus. Preferred Shares shall be converted into ordinary shares in accordance with the bases and conditions shown therein. Company shall pay the value of the Preferred Shares to owners who do not want to convert into ordinary Shares in accordance with the redemption conditions stated in the Prospectus, unless it stipulates otherwise.

Article 13-34

From the issuance of Convertible Preferred Share until the date of their conversion or redemption, the company may not distribute free Shares or profits from the reserve and may not issue Preferred Shares or other Securities convertible into Shares unless it acquires the approval of the Preferred Shareholders' board. The prior approval is not required if the Prospectus clearly states that the Preferred Shareholders' board has given prior approval to the distribution of free Shares or profits from the reserve or the issue of new Securities convertible into Shares.

Article 13-35

From the issuance of Convertible Preferred Shares until the date of their conversion or redemption, the company may not reduce its capital or increase the minimum percentage of shareholders' profits decided to be distributable. Capital reduction due to losses shall be excluded, unless the Prospectus states otherwise.

Article 13-36

Ordinary Shares received by the Preferred Shareholders as a result of converting their Preferred Shares shall have a share in profits decided to be distributable for the financial year wherein the conversion is carried out.

Article 13-37

A company may issue Convertible Preferred Shares whose holders shall have pre-emptive right to subscribe in any capital increase for who may desire within fifteen days at most from the date of notifying the Preferred Shareholders of the same. The pre-emptive right shall be limited to subscribing in Shares whose par value is not more than the value of the Preferred Shares owned by the holders of such right.

Article 13-38

The Authority's approval is required for any amendment of the conditions for converting Preferred Shares into ordinary Shares that occurs after the issuance of Preferred Shares unless the Prospectus includes other provisions regulating amendments and the intended amendment is made in accordance therewith.

Article 13-39

A company's Board of Directors shall issue a resolution for increasing the capital of the company by the amount required for converting the Preferred Shares into ordinary Shares in accordance with the conditions and regulations stated in the Prospectus. Such resolution shall be pending on satisfying the conditions of converting the Preferred Shares into ordinary Shares in accordance with the Prospectus. This resolution shall be attached to the documents submitted to the Authority to obtain the approval for the conversion of the Convertible Preferred Shares into ordinary Shares.

Article 13-40

Upon the satisfaction of the conditions for converting the Preferred Shares into ordinary Shares, the representative of the Preferred Shareholders shall notify the company with the names of the Preferred Shareholders whose Preferred Shares are required to be converted into ordinary Shares and the number of Shares due to each of them.

Article 13-41

A company shall, within fifteen days from receiving the notification referred to in Article (13-40), take the necessary actions to put a notation on the resolution of the Board of Directors indicated in this Article in the Commercial Register and notify the Clearing Agency which keeps the Preferred Shares' registry of issuing and delivering the Shares to the eligible parties.

Article 13-42

In the event that the company fails to take the actions shown in Article (13-41), the Authority shall address the Ministry and Clearing Agency to the take actions included in Article (13-41) pursuant to the representative's request in the event that it is ascertained that the company does not have the right not to issue such Shares.

Article 13-43

Issuer shall provide the Authority with the following information within fifteen Business Days from conversion:

1. Number of Preferred Shares converted into ordinary Shares.
2. Date of conversion.
3. Percentage of conversion.
4. Number of ordinary Shares of the Issuer to which preferred Shares are converted,
5. Conversion rate.

The statement shall include the same information required for the statement addressed to the Authority concerning redemption as shown in this Module.

Article 13-44

Upon the conversion of Preferred Shares into ordinary Shares, Issuer and relevant party shall comply with the requirements shown in Chapter Two (Disclosure of Interests) of Module Ten (Disclosure and Transparency) of these Bylaws.

For the purpose of calculating the total number of Shares in which the relevant Person has an interest, the number of the new ordinary Shares issued shall be added to the number of ordinary Shares existing at the time of converting Preferred Shares into ordinary Shares.

Continuing Obligations – General Obligations

Article 13-45 An Issuer of Preferred Shares shall abide by the relevant conditions of disclosure issued by the Authority or other Controlling Body.

Article 13-46 An Issuer of Preferred Shares shall notify the Authority and Preferred Shareholders of all the Material Information that may affect the Issuer's ability to meet its obligations towards the Preferred Shareholders.

Article 13-47 An Issuer shall be liable for sending a copy of all the correspondence addressed to Preferred Shareholders to the Authority and shall immediately reply to any inquiries made thereby.

Article 13-48 An Issuer shall deal equally with all holders of Preferred Shares which belong to the same class of Shares concerning the rights relevant to such Shares.

Preferred Shares - Related Notifications

Article 13-49 Having obtained the approval of the Issuer's Board of Directors or general assembly, as the case may be, or the Preferred Shareholders' meeting as per the provisions of this Module, the Issuer shall notify the Authority of the following information:

1. Purchase, redemption or cancellation of Preferred Shares.
2. Any change in the rights relevant to any class of ordinary or Preferred Shares.
3. Any significant amendment of the Company Contract or any other event that may affect the rights of Preferred Shareholders.

Financial Information

Article 13-50 An Issuer shall, within the term of the Preferred Shares, submit the audited annual financial statements and annual report to the Authority upon being approved within a period of ninety days at most from the end of the financial period shown in such statements.

Chapter Fourteen
Treasury Shares

Scope of Application

Article 14-1

These provisions shall apply to Public and Closed Shareholding Companies, except that Units Subject to the Supervision of the Central Bank shall be excluded.

Uses of Treasury Shares

Article 14-2

Treasury Shares may only be used as follows:

1. Maintaining stability of the company's share price.
2. Reduction of the company's paid-up capital.
3. Settlement of a company's account receivables.
4. Repayment of a company's outstanding debt.
5. Distribution of bonus shares to shareholders without an increase of the capital or the number of Shares issued.
6. Swap deals in the event of Merger with or an Acquisition Offer of other companies without prejudice to the provisions of Module Nine (Mergers and Acquisition) of the Executive Bylaws.
7. Distribution of all or some of the Treasury Shares to the company's workers in the context of the employees' Share option plans conditional upon the general assembly's approval, and in accordance with the regulatory rules approved by the general assembly of the company.
8. Lend and borrow it for the purpose of Market Making.
9. Other cases determined by the Authority.

Provided that a prior valid approval from the Authority must be obtained.

Unlisted Companies may not deal in their own shares in the events referred to in items (1) and (8) of this Article.

Guidelines and Procedures

Article 14-3

The ownership of the company and its Subsidiaries shall not exceed 10% of its issued Shares and the company may not purchase or sell or deal with its Shares unless it obtains the Authority's written approval for the same which is given pursuant to an application submitted to the Authority, including the following information:

1. The type of transaction intended by the company, be it purchase only or sale only or purchase and sale of its shares or any other transaction with its Shares.
2. Copy of the minutes of the general assembly meeting, wherein the Board of Directors is authorized to deal with the company's shares, provided that such authorization is valid and was not given more than eighteen months previously.
3. Number of the company's Shares required to be purchased or sold.
4. A statement of the sources of financing for the purchase of Shares and the accounts of the Shareholders' equity that were held for the costs of the owned Treasury Shares.
5. Copy of the audited financial statements and last quarterly reviewed financial statements.
6. A recent statement of the Treasury Shares balance owned by the company and its Subsidiaries, issued by the Clearing Agency based on its shareholders' registry.
7. Statements of the company's Subsidiaries, if any.
8. Statement of the costs of the Treasury Shares owned by the company at the date of such application.
9. A study submitted by a licensed Investment Advisor or Asset Valuator showing the fair value of the shares of any relevant unlisted companies excluding the cases of the capital reduction by cancelling the previously owned Treasury Shares.

Article 14-4

In the event of transactions in Treasury Shares with shareholders, these shareholders may not vote on the resolution of the general assembly by which the Board of Directors is authorized to deal in such shares.

Article 14-5

The company may repay the par value of certain shares to the shareholders after getting the approval of the extraordinary general assembly. This value shall be extracted from the company's undistributed profits and voluntary reserve.

The owners of shares redeemed may be granted dividend shares which have the same rights as the ordinary Shares except for recovering the par value upon liquidation of the company.

Article 14-6

If an unlisted company decides to purchase or sell its shares, it shall ensure that it will deal equally with all shareholders concerning the sale offer or purchase application.

In the event that some shareholders do not desire to buy or sell Shares, company may either cancel the offering or make the deal with the shareholder, who expressed their desire for the same.

Article 14-7

The capital of the company may not be used as a source of financing the purchase of shares.

Article 14-8

A part of reserves, comprising distribution of net profits, carried over profits and share premium account, which equals the cost of Treasury Shares, shall be frozen and shall be deemed un-distributable during the period of holding such Shares.

Article 14-9

In the event of a capital increase, the company shall:

1. In the event that the capital increase is by issuing bonus Shares, the company shall have the same rights as the other shareholders.
2. In the event that the capital increase is by offering new Shares for subscription, the company may not use the Pre-emptive Right to subscribe for such Shares since such right is limited to other shareholders only.

Article 14-10

A company which owns Treasury Shares shall submit a report to the Authority at the end of each financial year explaining the justifications for keeping such Shares, provided that the report is submitted within ten Business Days from the end of the financial year targeted by such report.

Article 14-11

The company shall submit a quarterly report to the Authority to include all the transactions in the company's shares for the period concerned in the report, and which shall be accompanied by a statement of the balance of Treasury Shares, duly ratified by the Clearing Agency. This report shall be submitted within ten Business Days at most from the end of the period referred to in this article.

Accounting Treatment

Article 14-12

The percentage of shares owned by the company and its Subsidiaries may not exceed 10% of the total of the number of Shares issued by this company.

Article 14-13

Treasury Shares shall be entered into in the financial statements under the entry of shareholders' rights. Treasury Shares shall not confer the right to dividends, except that Shares issued by the company or owned to the company's Subsidiaries, taking into consideration the relevant International Standards of Accounting treatment.

Article 14-14

Treasury Shares shall not be taken into account in calculating the quorum of the general meeting and voting on the resolutions thereof. This provision shall apply to the company's Shares owned by its Subsidiaries.

Article 14-15

The company shall disclose the following information, in particular, in the notes of the financial statements:

1. Number of Shares purchased.
2. Cost of purchase.
3. Ratio of Treasury Shares to the total Shares issued.
4. Weighted average of the market value of share at the date of preparing the financial statements.

The company shall disclose that a part of reserves, carried over profits and share premium (if any), which equals the cost of Treasury Shares purchased, shall be frozen and shall be deemed un-distributable during the period of owning such Shares.

Article 14-16

When reporting upon transactions in Treasury Shares in its financial statements, the company shall take into consideration the following:

1. Treasury Shares shall be recorded at cost price in a separate entry called "Treasury Shares" under shareholders' assets.
2. An account called Treasury Shares' reserve shall be entered into under shareholders' assets.
3. Treasury Shares' reserve shall be un-distributable during the period of holding Treasury Shares.
4. Profits and losses resulting from the sale of Treasury Shares shall be entered into the Treasury Shares' reserve account.
5. In the event of that losses resulting from the sale of Treasury Shares exceed the balance of the Treasury Shares' reserve account, the excess value of loss shall be deducted from the accounts of carried over profits, reserves and premium of shares respectively. In the event of achieving any profits resulting from the sale of Treasury Shares, a part of these profits which equals the losses previously deducted from the said accounts shall be retained to be re-added to these accounts, while the rest of the profits shall be listed in the Treasury Shares' reserve account.
6. In the event of the liquidation of the Treasury Shares' reserve account, the company may transfer the credit balance in the Treasury Shares' reserve account to the general or voluntary reserves.
7. Bonus Shares distributions of Treasury Shares shall not be included in the revenues in the profit and loss account.
8. Bonus Shares shall not be added to the cost of Treasury Shares purchased.
9. The holdings of the portfolio of the Treasury Shares purchased shall be adjusted in accordance with the number of Bonus Shares acquired by the company, which shall result in the reduction of the cost of purchasing Treasury Shares.
10. If the company uses Treasury Shares for reducing capital it shall consider the following:
    a. The capital shall be reduced by the par value of Shares used for this purpose.
    b. If the cost of Treasury Shares is less than the par value, the credit balance shall be posted to the Treasury Shares reserve account, voluntary reserve or legal reserve.
    c. If the cost of Treasury Shares is more than the par value, it shall be amortized through the following accounts in the following order: Treasury Shares reserve, retained earnings, voluntary reserve, legal reserve and premium on Shares.

Additional Obligations of Listed Companies

Article 14-17

Listed Companies may not deal in shares thereof through financial derivatives. Any deals in shares shall take place in accordance with the Exchange rules applicable on the Exchange. Cases specified in paragraph (3), (4), (5), (6) , (7) and (8) of Article (14-2) of this Module and other cases approved by the Authority shall be excluded.

Article 14-18

Listed Companies shall disclose the Authority's approval for dealing in the Treasury Shares upon the issuance thereof and in accordance with the provisions and procedures stated in Module Ten (Disclosure and Transparency) of these Bylaws.

Article 14-19

A Listed Company shall not deal in Shares ten Business Days before disclosing its financial statements (reviewed quarterly financial statement or audited annual financial statements) or any other significant information that may affect the company's shares, dealings of Treasury Shares by a Market Maker is not subject to this prohibition.

Chapter Fifteen
Procedures to Increase, Decrease or Restructure Capital

Scope of Application

Article 15-1

Without prejudice to the provisions of Law No. (1) of 2016 on issuing the Companies Law and its Executive Bylaws and their Amendments, the provisions of this chapter shall apply to the following:

1. Public shareholding Kuwaiti companies.
2. Kuwaiti shareholding companies listed on Boursa Kuwait Securities Exchange.
3. Shareholidng companies licensed by the Authority to practice securities activities.

Article 15-2

The company wishing to increase, decrease or restructure its capital must follow the procedures mentioned below according to the following order:

1. The company's Board of Directors shall issue a decision explaining the reasons and methods for increasing, reducing or restructuring the capital, along with a statement of the pre-emptive rights of shareholders in the event of an increase.
2. The Central Bank of Kuwait's approval must be obtained for the units subject to its supervision.
3. Submit an application to increase, reduce or restructure the company's capital to the Authority, with an obligation to fulfill the information and requirements in accordance with the forms in the appendices specified for this purpose of this Module as well as Articles (2-7), (2-8), and (2-9), and provide any additional information or documents requested by the Authority in this regard.
4. The Authority's approval decision shall be issued on the application.
5. Obtaining the approval of the General Assembly of the company for the process of increasing, reducing or restructuring the capital.

The company shall comply with completing the process of increasing, reducing or restructuring its capital during the periods specified in Article (2-13) of this Module.

Article 15-3

Companies licensed by the Authority shall comply with the provisions of Module Seventeen of these Bylaws.

Article 15-4

In the event of the capital reduction or restructure, treatment of the Treasury Shares shall be stated within the required transaction in terms of the decision of keeping them or cancelling them pursuant to the accounting treatment regulated in Chapter Fourteen of this Module.

First: Capital Increase (ordinary shares)

Article 15-5

The capital increase of the shareholding company shall be in one of the following methods:

1. Cash increase.
2. In kind Increase.
3. Increase by distributing of free bonus Shares.
4. Increase by transferring a debt into Shares.
5. Increase for the purpose of issuing Shares for the employees.

Cash Increase

Article 15-6

The cash increase of capital is implemented by issuing new Shares that are paid in cash, issued according to the par value or the share premium.

In the event of a Share premium account, a report shall be submitted by a licensed Investment Advisor stipulating the basis and the method of calculating the Share premium.

In-Kind Increase

Article 15-7

The in-kind increase of capital is implemented by issuing new Shares that are paid against providing an asset in-kind in full (tangible or intangible), issued according to the par value or the Share premium.

In the event of a share premium account, a report shall be submitted by a licensed Investment Advisor stipulating the basis and the method of calculating the Share premium.

Article 15-8

In kind Shares shall be evaluated by an Asset Valuator licensed by the Authority, provided that he is not the Auditor of the company or partner to the company.

Increase by distribution of free bonus shares

Article 15-9

The increase by distribution of free bonus Shares is implemented by transferring from the voluntary reserves, or retained profits, or what exceeds the minimum limit of the legal reserve.

The Shares shall be issued according to the par value without the Share premium, and shall be distributed among the shareholders per their ownership of the capital.

Increase by transferring a debt to shares

Article 15-10

The increase by converting the debt of a company to Shares in its capital is implemented by issuing new Shares to pay up the amount of debt or part of it in accordance with an agreement between the company and the creditor, provided that the following are complied with:

1. Obtain written approval from the creditor on the conversion of debt to Shares in the company's capital.
2. Declaring the debt principal, bond and its value and submitting a copy of the debt contracts, and any related contracts.
3. The debt shall be cash and is a result of a loan or debt instruments such as Bonds and Sukuks.
4. The conversion amount of the debt shall be limited to the principal without the interest of profit.
5. The issued capital shall be paid in full.
6. Providing a copy of the report prepared for the shareholders in accordance with Article (15-11).
7. If the Share value is higher than the par value at the time of converting the debt principal, the share premium shall be evaluated by an Asset Valuator or Investment Advisor licensed by the Authority.
8. In the event that the creditor company lends to one of its Subsidiary Companies, the creditor company shall obtain a special authorization from the general assembly of the company before the lending process, except for banks and companies authorized to lend.

Article 15-11

The company wishing to increase the capital by converting the debt of a company to Shares in the capital shall submit a report to the shareholders -according to the company's nature- and attach it with the request to the Authority, provided that it shall include the following information:

1. The purpose of converting the debt to Shares in the capital.
2. Statement of the reason of the debt's formation.
3. A study including the reasons and the need to convert the debts to Shares in the company's capital and stating the benefit of the company and its shareholders from such transfer.
4. A commitment by the company's Auditor that the transaction is in line with the International Accounting Standards.
5. Number and class of Shares to be issued and its percentage in the current issued and paid up capital.
6. Statement of the previous cases in which the company has issued Shares and a statement of the type and reason of such capital increase for the last five years.
7. A statement indicating if the debts to be transferred to Shares are of related parties and a statement of their names and ownerships in the company if any.
8. The ownership of the creditor in the company's capital before and after the process of converting debts into Shares in the capital.
9. A statement that the Capital Markets Authority will not be a party in any action for damages resulting from the transaction and that it is not responsible for the accuracy of information in this report or the loss resulting from depending on such information.
10. Statement of the risk factors related to the transaction and their impact on the shareholders rights.

11. Representation of the company's Board of Directors to be responsible for the validity and accuracy of the data and information shown in the report along with their affirmation and belief that they have taken due care and necessary study to ensure the accuracy of information and the usefulness of the process and its achievement of the company and the shareholders' interest.
12. Representation of the legal advisor that the process complies with the regulating laws and does not conflict with the laws and regulations of the State of Kuwait and that the Issue is without prejudice to any of the contracts or agreements that the Issuer is part of.
13. Statement of the details of any lawsuit or ongoing or expected claim which may have a material impact on the business of the Issuer and its Subsidiaries or its financial position.
14. Provide all the contact information of the Issuer, its financial advisor, legal advisor and its Auditor using any available communication mean.
15. Attach the annual audited financial statements of the last three years and the reviewed periodical in case of the lapse of six months from the last annual financial statements and provide hypothetical financial statements that reflect the financial condition of the Issuer after the transfer of debt.
16. Attach copy of the documents and agreements of the conversion of debt.
17. Statement of the total expenses of the transaction and the party that will incur them.
18. Schedule determining the company's debts and a list of the creditors.
19. If the Share value is higher than the par value at the time of converting the debt principal, the Share premium shall be evaluated by an Asset Valuator or Investment Advisor licensed by the Authority.

Provided that such report shall be offered to the shareholders 7 days before to the date of the general assembly's meeting.

Article 15-12

If the creditor whose debt will be converted to Shares in the debtor company is a shareholder in the company, he may not vote on the item of converting the debt into Shares as a capital increase in the company's general assembly – as the case may be-.

Increase for the purpose of issuing shares for the employees

Article 15-13

Increasing the company's capital is implemented by issuing new Shares allocated for the Employees Stock Options system, provided that the approved instructions of the Authority are complied with.

Second: Capital reduction (ordinary shares)

Article 15-14

Reducing the capital of a shareholding company is implemented by one of the following ways:

1. Cancelling the ordinary Shares.
2. Reducing the par value of the ordinary Shares.
3. The company's purchase of the Treasury's Shares for the purpose of cancelling them.

Article 15-15

The application form of the capital reduction of a shareholding company shall be submitted in accordance with the appendix allocated for this purpose and shall comply with the provisions of Article (2-9) of the form's attachments and Article (2-13) that specifies the term of executing the capital reduction process.

Cancelling ordinary shares

Article 15-16

Reducing the company's capital is implemented by cancelling the ordinary Shares of the company's paid up capital in proportion of the ownership of each shareholder in accordance with his ownership in the company's paid up capital.

Reducing the par value of the ordinary shares

Article 15-17

Reducing the company's capital is implemented by reducing the par value of the ordinary Shares in not less than the minimum limit stipulated in the Companies Law without resulting in cancelling these Shares.

Reducing the par value of each Share of the company's capital equally at a value that is equal to the value to be reduced from the company's capital.

Article 15-18

Reducing the company's capital is implemented by the company's purchase of a number of its Shares in the value of the amount to be reduced from the capital, taking into consideration that the provisions of Chapter Fourteen (Treasury Shares) of this Module are complied with, and provided the company has valid approval from the Authority to deal with the Treasury Shares.

Article 15-19

Reducing the company's capital for the purpose of amortizing the accumulated losses of the company while considering the following order in using the financial reserves before the reduction:

First: Using the voluntary reserve.

Second: Using the legal reserve of what exceeded 50% of the company's capital of this reserve.

Third: Using the Share premium.

Fourth: Using the rest of the remaining legal reserve.

Article 15-20

The company wishing to reduce its capital through closing its accumulated losses shall submit a report from the company's Board of Directors indicating the reasons of the losses, the impact of the capital reduction on the company and the shareholders, and the risk factors associated with the reduction and the necessary measures to contain them, provided that such report shall be submitted 7 days before the date of the general assembly's meeting.

Article 15-21

If the company's accumulated losses reached 75% of the company's capital, the Board of Directors shall invite the extraordinary general assembly to consider the company's continuation or dissolution. The company may also include the item of reducing or restructuring the capital in the same assembly, after obtaining the Authority's approval on reducing or restructuring the capital.

Article 15-22

If reducing the capital is for its being redundant for the company, the Shares that equal the value to be reduced by the par value of each Share shall be cancelled. The value of these Shares shall be paid in cash to the shareholders registered in the company's register on the maturity date by the ownership of every shareholder in the capital.

Before reducing the capital, the company shall meet the current debts, and submit sufficient collaterals to meet the future debts.

Article 15-23

Reducing the capital may not be implemented for its being redundant for the company during the term of the Convertible Sukuk or Bonds into shares until it obtains the approval of the Bonds or Sukuk Association.

Restructuring the capital

Article 15-24

The provisions mentioned above are applicable to the requests of restructuring the companies' capitals shall be applied, and the company shall attach a study of restructuring the capital and its impact on the company's financial situation with the request of restructuring and statement of financial position before and after the restructure.

Shares Fractions

Article 15-25

If the process of the capital reduction, increase, or restructure resulted in Shares fractions, based on the company's request, it is either registered in the shareholders registry as Treasury Shares while taking into account the permitted maximum of the company's ownership of its Shares, or canceling those Shares from the shareholders' registry after the notation of the company's capital reduction in the commercial registry as equivalent to the cancelled shares.

Chapter Sixteen
Stock Purchase Option Plan and Exercise for Employees

Scope of Application

Article 16-1

These instructions and provisions shall apply to all Kuwaiti shareholding companies in its two types (Public and Closed), with exception of the Units Subject to the Supervision of the Central Bank in the event of using the Treasury Shares.

Terms and conditions of the stock purchase option plan and exercise for employees

Article 16-2

1. The number of Shares allocated to fulfill the company's obligations as a result of the implementation of the stock purchase option plan for employees should not exceed, at any time, (10%) of the company's paid-up capital.
2. The option plan is limited to the company's employees and executive board members only.
3. The Authority's prior approval must be obtained for the stock purchase option plan for employees based on the Board of Directors' recommendations and then present it to the company's general assembly.
4. The company must adhere to transparency when implementing the stock purchase option plan through the company's annual financial statements in accordance with the requirements of the International Financial Reporting Standards and through the annual report of the Board of Directors that covers the information indicated in item (B) of Article (3-16) of this Module.
5. The Units Subject to the Supervision of the Central Bank shall comply with the regulations issued by the Central Bank of Kuwait on this matter in the event of using the Treasury Shares.
6. Comply with the disclosure of stock purchase option plan for employees in accordance with the provisions and procedures stipulated in Module Ten (Disclosure and Transparency) of these Bylaws.

Procedures for approving the stock purchase option plan for employees

Article 16-3

a. A request for the approval of the stock purchase option plan for employees shall be submitted to the Authority.
b. The stock purchase option plan for employees must consist of the following information:
    1. Implementation period.
    2. State the effect of implementing the option plan on the company's financial statements.
    3. State the cost on the company due to the application of the option plan, and the benefits accruing to the company from implementing it.
    4. The number of Shares allocated to implement the option plan and mechanism of providing it.
    5. Conditions for granting the stock purchase option to the beneficiaries, especially what indicates the relation of the beneficiary's eligibility of the purchase option with his performance reports.

6. The method of the beneficiary's exercise of the stock purchase option, the conditions for transferring the ownership of Shares to the beneficiaries, and whether the transfer of ownership will be attached with prohibition from disposal and the conditions for lifting the said prohibition.
7. Period of prohibiting the beneficiaries from disposal of Shares and cases exempted from the prohibition, if any.
8. Execution price or method of determining the price, and the method of payment.
9. Employee levels that will benefit from the option plan and the number of Shares allocated to each level.
10. The method followed by the company to ensure that the beneficiaries are prevented from disposing of Shares. This may be done by noting in the shareholders register at the record keeping entity and on the receipt of the deposit of Shares in a manner that rejects the disposal in implementation of the stock purchase option, its term, and the conditions of lifting the prohibition. In this case, a certified copy of the option plan shall be deposited to the record keeping entity.
11. The dates of executing the program by transferring the ownership of Shares to the employees and dates of lifting the prohibition on disposal, if any.
12. Procedures to be taken to recover the shares in the event of the employee's termination or resignation.
13. The Authority may refuse to approve the option plan by a justified decision in the event of the failure to fulfill one of the conditions set forth in this chapter.

Procedures and conditions for the stock purchase option plan for employees through capital increase

Article 16-4

A company wishing to introduce a stock purchase option plan for employees through capital increase must ensure the following:

1. The company's Board of Directors shall issue a recommendation to introduce a stock purchase option plan for employees and provide the necessary Shares to implement it by increasing the capital. Executive members shall not participate in this vote.
2. Submit an application to approve the stock purchase option plan for employees and meet the requirements of capital increase within the application form.
3. Determining the execution price or the method of determining the price shall be in accordance with a study that explains the justifications on which it was based.
4. Notify the Authority within ten Business Days of the date of the Shares issuance.
5. The resolution issued by the company's general assembly on this regard must include a statement by the shareholders waiving their pre-emptive rights in subscription of the Shares allocated to employees from the increased Shares and the Share premium, if any.

Procedures and conditions for the stock purchase option plan for employees by means of Treasury Shares

Article 16-5

The company wishing to introduce a stock purchase option plan for employees by means of Treasury Shares must ensure the following:

1. The company's Board of Directors' recommendation to introduce stock purchase option plan for employees through Treasury Shares.
2. Submit an application to approve the stock purchase option plan for employees and meet the requirements of dealing with the Treasury Shares within the application form.
3. Determining the execution price or the method of determining the price shall be in accordance with a study that explains the justifications on which it was based.
4. Validate the stock balance issued by the record keeping entity.
5. The cost of Treasury Shares owned until to the date of the request.
6. Annual financial statements, and the latest periodical statements.
7. Statement of the Subsidiaries.

Notifications

Article 16-6

Without prejudice to the provision of Article (14-11) of this Module, the company shall notify the Authority five Business Days before the date of inviting the beneficiaries to practice the stock purchase option right, provided that a statement including the information mentioned in item (b) of Article (16-3) of this Module shall be attached to the notification.

Chapter Seventeen
Stock Split

Scope of Application

Article 17-1

These instructions and provisions shall apply to all shareholding companies.

Conditions of Executing Stock Split

Article 17-2

1. The par value of a Share after splitting shall not be less than the value decided in the laws and regulations of the State of Kuwait.
2. The split coefficient shall be an integer number.
3. The par value of the capital Shares shall be paid up in full.

Article 17-3

Upon submitting the application Stock Split in accordance with the allocated form, the company shall comply with the following:

1. Submit the time plan of the transaction and the split coefficient and the par value before and after the split.
2. Submit a feasibility study indicating the reasons and justifications of the Share split.
3. The latest notation in the commercial register regarding the authorized, issued, and paid up capital and the par value of the Share.
4. Resolution of the Board of Directors on the approval of the Stock Split process indicating the percentage (rate) of the split and stating the mechanism of eligibility.
5. The approval of the Central Bank on Units Subject to its Supervision.

Article 17-4

After obtaining the approval of the Authority on the Stock Split, the company shall invite the general assembly to consider the split proposal, provided that the company shall provide the Authority with the minutes of the general assembly's meetings -as the case may be- regarding the Stock Split process.

DISCLAIMER:
This “translation” of the Bylaws of the Capital Markets Authority from Arabic into English is provided solely for reference. No translation can exactly reflect every aspect of an original text and accordingly this “translation” may be used for guidance but not for legal purposes. Only the Arabic original shall be considered for legal proceedings and legal actions before the competent courts of jurisdiction and in any arbitration mechanism agreed upon by contracting parties to any transaction made under the Law and the Bylaws thereof. The Capital Markets Authority shall not be responsible for any mistake, error and/or misinterpretation made or given by any party based on that party’s interpretation of the Law and the Bylaws whether arising from a reading of the Arabic text or, specifically in the context of this document, the English “translation”. The original Arabic versions, as approved and accordingly published by the Authority, shall constitute the only source of the provisions and regulations of the Law and its Bylaws.

Appendix 1
Minimum Requirements for the Valuation or Assessment of the Impairment of Assets

Minimum Requirements for the Valuation or Assessment of the Impairment of Assets

First: Scope of Application

1- The instructions in this Appendix apply to the valuation or assessment of the impairment of all assets, except for assets listed in an active market and units of Collective Investment Schemes.

2- In the event that a valuation report is prepared for the purpose of complying with the requirements of Article 7-7 of Module Fifteen "Corporate Governance" of the Executive Bylaws of Law No. 7 of 2010, compliance with the requirements stated in item "Third: Additional Regulatory Requirements for the Valuation of Real Estate Assets" is not required, except for paragraph (b) within either sub-item (2) or sub-item (3) of that item.

Second: Minimum Requirements to Be Met During the Valuation or Assessment of Impairment

1. Information about the valuation service provider:
   (a) Name of the valuation service provider (individual or entity)
   (b) Signature of the person responsible for the valuation task
   (c) Licensing (unless the valuation report is prepared internally)
   (d) Membership in international valuation organizations (if applicable)
   (e) Experience and qualifications of the valuation service provider
   (f) Disclosure of the relationship between the valuation service provider and the Client (extent of independence between the valuation service provider and the Client)

2. Information about the Client:

The party requesting the valuation task must be identified, in addition to identifying other parties that may rely on the results of the valuation task.

3. General information about the valuation process:
   (a) Valuation date (date of the financial period for which the valuation is prepared)
   (b) Date of issuance of the valuation report
   (c) Purpose of the valuation
   (d) Currency used for asset valuation
   (e) Valuation amount
   (f) Restrictions imposed on the use, distribution, and publication of the valuation report
   (g) Details of the asset(s) subject to valuation:
      - Description of the asset
      - Location of the asset
      - Primary owner of the asset subject to valuation (attach supporting documents)
      - Legal status of the asset (in case of legal issues or if the asset is mortgaged)

4. Additional information in the case that the asset subject to valuation is a real estate asset:
   (a) Plot number and address
   (b) Type of property (investment, commercial, residential, industrial, agricultural, etc.)
   (c) Category of property (land, vacant buildings, occupied buildings, under development, etc.)
   (d) Land area
   (e) Permissible building ratio
   (f) Photos of the property
   (g) Date of property inspection, indicating any part of the property that may be inaccessible
   (h) Clarification of whether the valuation was conducted without the opportunity to conduct a suitable physical inspection or any alternative method of inspection
   (i) Percentage of buildings constructed as of the valuation date:
      - Details of the number of floors, rooms, or area
      - Vacancy rate
      - Market rental value of the unit
      - Actual rental income during the current financial year.

5. Information regarding data collection methods:
   (a) Information sources used in the valuation.
   (b) Assumptions used in the valuation process (such as discount rates and cash flow growth rates).
   (c) Supporting documents for the information and assumptions used in the valuation.
   (d) When the valuation is based on restricted information, the report must include complete details about the restriction.
   (e) Disclosure of the availability of information and verification of assumptions used in the valuation. If the valuation is conducted without the availability of commonly accessible information or without verification of important assumptions, the valuator must explicitly state in their report that the valuation shall not be relied upon without such verification.
   (f) Explicitly indicate in the valuation report if there is any material uncertainty in the valuation.

6. Information about the valuation methodology:
   (a) Comparable Method:
      - Assets used for comparison.
      - Multiples relied upon.
      - Comparative qualitative and quantitative analysis to identify similarities and differences between the comparable assets and the asset being assessed. Reasonable adjustments based on this comparative analysis must be made, and the valuator must document the reasons for these adjustments and how they were determined quantitatively.

   (b) Discounted Cash Flow Method:
      - Cash flows:
        - Identification of the cash flow calculation method (FCFE - FCFF - CFO - Dividend) and the reason for its selection.
        - Inputs used in calculating the cash flows according to the chosen method.
      - Cost of equity:
        - Risk-free rate.
        - risk premium.
        - Beta.
      - Cost of debt:
        - Default spread.
        - After-tax cost of debt = (Risk-free rate + Default spread) (1 - Tax rate).
      - Estimated value of the asset:
        - Cash flow growth rate.
        - Discount rate.
        - Cash flow in year N+1/ (discount rate - perpetual growth rate).
        - Perpetual growth rate.
        - Terminal value.
        - If multiples are used for the terminal value, the nature of these multiples must be specified.

- Consideration of the following:
  - The discount rate shall reflect all the risks associated with each type of cash flow and future operations of the asset, in addition to time value of money.
  - When calculating the discount rate:
    a) The method used to calculate the discount rate must be documented, along with supporting evidence for its use.
    b) The derivation of the discount rate, including the primary inputs, must be supported with evidence.
  - The risks associated with the cash flow projections for the asset must be considered when calculating the discount rate, specifically whether the risks associated with the cash flow projections have been taken into account.
  - The key elements of the cash flow projections must be identified and compared to:
    a) Historical financial and operational performance of the asset.
    b) Historical and projected performance of comparable assets.
    c) Historical and projected performance of the market.
- If the discounted cash flow method is used to determine the value in use and assess if there is an impairment of the assets, additional considerations must be taken into account:
  - Future cash flows for the assets in their current state and current operational use must be estimated.
  - Future cash flow projections must be based on reasonable assumptions supported by evidence, giving more weight to external evidence.
  - Future cash flow projections must be documented, utilizing a maximum time frame of five years, unless exceptional circumstances justify exceeding that period.
  - Future cash flow projections must consider the proportionality between expected revenue growth and expected expenses.

(c) Adjusted Net Asset Value Method:

- Adjustments to the book value of assets and liabilities.
- Reasons for applying the above adjustments.

(d) Valuation methodology in the case of real estate assets.

o Sales Comparison Method:

- Comparable real estate assets.
- Market value of the compared properties (supporting documents to be attached).
- Substantial differences, if any, between the subject property and the compared properties.
- Qualitative and quantitative comparative analysis must be conducted to determine similarities and differences between the compared assets and the subject property. Adjustments shall be made based on this comparative analysis, and these adjustments shall be reasonable. The valuator shall document the reasons for these adjustments and how they were quantified.

o Residual Value Method:

- Expected value of the project upon completion.
- Current value of the project as of the valuation date.
- Determination of the percentage of completed work for the project.
- Expected direct costs (construction costs) of the buildings.
- Known or expected indirect costs necessary for the completion of the development, including but not limited to:
  - Consultant fees.
  - Marketing costs.
  - Timetable.
  - Financing costs.
  - Development profits.
- Discount rate, along with the method applied to determine the discount rate.
- The items that shall be disclosed in the asset valuation study are:
  - Whether there is a market for the proposed development or not.
  - Legal permits or land divisions, including any conditions or restrictions imposed on the authorized development.
  - Restrictions or encumbrances or conditions imposed for the execution of these works.
  - Access rights to public roads or other public places.
  - The need for any infrastructure improvements and rights necessary to implement these works.
  - Economic conditions and trends and their potential impact on expenses and revenues during the development period.
  - The expected time required to deal with preparatory matters before commencing the work, and if necessary, leasing or selling the completed property.
  - Any other risks associated with the proposed development.
  - The valuator shall disclose that they have reviewed the supporting documents related to the project, such as building permits and engineering plans.

o Cost Approach Method:

- Land cost.
- Replacement cost of the building.
- Depreciation cost.
- Other depreciation on the building.

Note: The cost replacement approach shall only be applied after deducting depreciation in the following cases:

1. If there is no reliable or relevant evidence available regarding recent sales transactions due to the unique nature of the asset.

2. If it is impractical to conduct a credible valuation using other methods.

    - o Income Approach Method:
        - Actual net operating income of the property.
        - Capitalization rate used and the assumptions relied upon.
    - o Discounted Cash Flow Method for BOT (Build, Operate, Transfer) investment contracts with the government:
        - Analysis of the expected cash flow of the project (Cash Flow Projections).
        - Determination of the contract duration and the remaining period of the contract.
        - Actual net operating income of the project.
        - Discount rate.
        - Present value of the future net income of the project.

(e) If more than one valuation method is used to calculate the value of the asset, the proportions allocated to each method shall be clarified.

7. Summary of valuation conclusions:

The summary of the valuation report shall include, at a minimum, the following information:

- The value conclusion and the main reasons for the result obtained.
- Disclosure of the availability of information and verification of the assumptions used in the valuation.
- Disclosure to the user of the valuation regarding whether there is any material uncertainty in the valuation.

Third: Additional Regulatory Requirements for the Valuation of Real Estate Assets.

1. The requirements of International Accounting Standards shall be considered in all cases, including the initial recognition of the asset and subsequent valuation, including the required disclosures.

2. The required procedures for valuating local properties listed in the consolidated financial statements classified as fixed assets or other classifications in the financial position statement:
   a. The valuation shall be conducted at least annually.
   b. The valuation shall be conducted by at least two specialized and licensed real estate valuators, one of whom shall be a Kuwaiti bank, and the lower valuation shall be accepted.
   c. Independence shall be maintained between the requesting party and the valuating parties, and there shall be no suspicion of conflicting interests between them. In the case of a suspicion of conflicting interests with local banks, the party must notify the Authority as soon as the suspicion arises so that the Authority can review the case and determine the optimal procedure for the party regarding the valuation of the relevant real estate assets in this case. The party is also required to immediately notify the Capital Markets Authority when conflicts of interest with local banks that provide real estate valuation services cease to exist.
   d. The valuation shall be conducted within a period not exceeding two months from the date of the financial statements.

3. The required procedures for valuating foreign properties listed in the consolidated financial statements classified as fixed assets or other classifications in the financial position statement:
   a. The valuation shall be conducted at least annually.
   b. The valuation shall be conducted by at least one specialized and licensed real estate valuator in the country where the property is located, unless the Authority determines the need for multiple valuations, in which case the lower valuation shall be accepted.
   c. Independence shall be maintained between the requesting party and the valuating parties, and there shall be no suspicion of conflicting interests between them.
   d. The valuation shall be conducted within a period not exceeding two months from the date of the financial statements.

4. Licensed Persons and companies listed on the Securities Exchange are exempted from the required procedures for the valuation of real estate assets accounted for at cost, as mentioned in sub-item 2 and sub-item 3 of item “Third” of this Appendix, while complying with the requirements of International Accounting Standards, including recognizing a decrease in the value of the real estate asset if there is objective evidence for it.

5. The Capital Markets Authority has the right to request from the Licensed Person or exempted Listed Companies, as mentioned in sub-item 4 of item “Third” above, to conduct a recent valuation for some of the properties listed in their financial statements, according to the procedures outlined in sub-item 2 for local properties or sub-item 3 for foreign properties of item “Third” of this Appendix, to ensure that there is no decrease in the value of those properties below their recorded book value in their financial statements.

6. If the real estate valuator is unable to evaluate the non-exempt real estate asset mentioned in sub-item 4 of item "Third" above, the Licensed Person or Listed Company or existing Collective Investment Scheme shall provide the Authority with a copy of the written explanation of the inability to assess, signed by the real estate valuator, including the reasons for the inability to assess. In light of this, the Capital Markets Authority will study each case individually, and if it is determined that there is indeed difficulty in assessing those properties, the company in this case must prepare an internal evaluation of the real estate asset and provide the Authority with a copy that includes the bases relied upon in preparing this evaluation, taking into consideration the requirements stipulated by the International Accounting Standards for evaluation preparation, and the requirements mentioned in item "Second" of this Appendix.

7. Licensed Persons and Listed Companies on the Securities Exchange shall attach the evaluations conducted in this regard with the financial statements provided to the Capital Markets Authority.

Appendix 2
Application Form for the Incorporation of a Special Purpose Vehicle Company

Application Form for the Incorporation of a Special Purpose Vehicle Company

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Information of the Special Purpose Vehicle Company
Section 2	Information of the entity incorporating the Special Purpose Vehicle Company
Section 3	Shareholders of the Special Purpose Vehicle Company
Section 4	Auditor
Section 5	Obligor
Section 6	Paying Agent
Section 7	Subscription Agent
Section 8	Clearing Agent
Section 9	List of documents required upon submission of the application

(1) Information of the Special Purpose Vehicle Company	
Company name in Arabic	
Company name in English	
Company capital	
Company objectives	☐ Bonds Issuance ☐ Sukuk Issuance
Issuance currency	
Issuance type	☐ Public Offer ☐ Private Placement
Company activities relevant to the issuance (if any)	
Company's duration/term	
Tel. No.	
E-mail	
Website	

(2) Information of the entity incorporating the Special Purpose Vehicle Company	
Entity name	
Authority license/ registration No.	
Legal form of the entity	☐ Public shareholding company ☐ Closed shareholding Company ☐ Government entity
Entity's place of incorporation/ domicile	
Name of contact person	
Tel. No.	
E-mail	

(3) Shareholders of the Special Purpose Vehicle Company	
1- Shareholder name	
Name of contact person	
Tel. No.	
E-mail	
2- Shareholder name	
Name of contact person	
Tel. No.	
E-mail	
3- Shareholder name	
Name of contact person	
Tel. No.	
E-mail	

(4) Auditor	
Entity name/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Obligor	
Entity name/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Paying Agent	
Entity name/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(7) Subscription Agent	
Entity name/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(8) Clearing Agent	
Entity name/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(9) List of documents required upon submission of the application	Attached
1	Draft incorporation documents of the Special Purpose Vehicle Company with a soft copy	○
2	Draft Obligor's agreement	○
3	Payment Agent's agreement	○
4	Subscription Agent's agreement	○
5	Clearing Agency's agreement	○
6	Agreement of Special Purpose Vehicle Company's Auditor	○
7	Members of the company's Board of Directors in accordance with the Authority approved Fit and Proper forms	○
8	Fees receipt of incorporating the Special Purpose Vehicle Company of the Authority	○
9	Fees receipt of licensing the Special Purpose Vehicle Company of the Authority	○

Applicant's name	
Job title	
Date	
Signature	
Seal of the company's incorporating entity	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 3
Application Form for the Company ’s Dealing in its Shares (Treasury Shares)

Application Form for the Company 's Dealing in its Shares (Treasury Shares)

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of Contents	
Section 1	Company information
Section 2	Information of the Company's Dealing in its Shares
Section 3	Main contact person
Section 4	List of documents required upon submission of the application

(1) Company Information	
Name of the company	
Commercial Registration No.	
Legal form of the company	☐ Closed Shareholding ☐ Public Shareholding ☐ Listed ☐ Islamic Sharia compliant
Company's current issued and paid capital	
Company's authorized capital	
Number of issued Shares	
Balance of Shares currently owned by the company	
Current percentage of ownership	
Date of general assembly authorizing the Board of Directors to purchase or sell Shares	
Cost of Treasury Shares owned to date (KWD)	
Date of financial year end	
Company's domicile	
Tel. No.	
E-mail	
Website	

(2) Information of the Company's Dealing in its Shares	
Type of transaction desired by the company	☐ Buy only ☐ Sell only ☐ Buy & sell ☐ Other
Type of other transaction (if any)	
Brokerage firm assigned to deal with the company's Shares	
Number of Shares desired to be dealt with	
Expected period of transaction	
Sources of finance	
Retained accounts of the shareholders equity against the cost of the owned Treasury Shares	Share premium: Legal reserve: Voluntary reserve: Retained earnings:
Reasons for dealing with Treasury Shares: Unlisted companies may not deal on their Shares for any of the following reasons: - Maintaining stability of the company's Share price. - Lend and borrow for the purpose of market making.	☐ Maintaining stability of the company's Share price. ☐ Settlement of a company's debt against these Shares. ☐ Swap deals in Merger and Acquisition Offers of other companies. ☐ Reduction of the company's paid-up capital. ☐ Repayment of outstanding debt of the company to a third party. ☐ Distribution to the company's shareholders as bonus Shares without an increase of the capital or the number of Shares issued. ☐ Distribution of all or some of the Treasury Shares within the employees' Share option program plans conditional upon the general assembly's approval, in accordance with the regulatory rules approved by the general assembly of the company. ☐ Lend and borrow for the purpose of market making.

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(4) List of documents required upon submission of the application	Attached
1	Copy of the minutes of the ordinary general assembly, wherein the Board of Directors is authorized to buy or sell 10% of most of the company's Shares, provided that such authorization is valid and its duration is not more than eighteen months.	○
2	Copy of the annual audited financial statements and copy of the reviewed periodical financial statements in case of a lapse of six months from the last financial year.	○
3	An updated statement of the Treasury Shares balance owned by the company and its Subsidiaries,issued by the Clearing Agency.	○
4	Statement of the company's Subsidiaries (if any).	○
5	Study by a licensed Investment Advisor stipulating the fair value of the price of the company's Share (for unlisted companies).	○
6	Copy of the last approval obtained by the company from the Authority on dealing with the company's Shares.	○
7	Copy of the Authority's approval on the employees' Share option program (in the event that one of the objectives of dealing with Treasury Shares is distribution to the employees).	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 4
Application form for Issuance or Offering of Preferred Shares

Application form for Issuance or Offering of Preferred Shares

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of Contents	
Section 1	Issuer information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Subscription Agent
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the company	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia Compliant
Company's issued and paid capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application information	
Subscription Type	☐ Public ☐ Private
Issuance amount	
Number of Preferred Shares issued	
Preferred Share's par value	
Premium per share	
Amount of issue expenses	
Term of Preferred Share	
Rate of return	
Mechanism of profit accumulation (and their stages, if any)	
Mechanism of sharing profit	
Voting rights	
Convertibility to ordinary shares	
Expected date of opening and closing subscription	
Mechanism of return in case of liquidation (if any)	
Means of preferred shares redemption	
Purpose of issuance	
Preferred shares allocation mechanism	
Preferred shares classification	
Underwriter (if any)	

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(7) List of documents required upon submission of the application		
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Initial approval of Preferred Shares issuance by other Regulatory Bodies, which the Issuer is subject to (if any.)	○
4	A statement of an accounted classification of the Preferred Shares in accordance with the International Financial Reporting Standards and its legal classification in accordance with the laws and regulations.	○

5	Copy of the Sharia opinion (in the event that issuance or offering was in accordance with the Sharia standards)	○
6	Copy of the agreements concluded with other entities regarding the issuance.	○
7	Copy of the minutes of the Board of Directors on approving the issuance of preferred shares with a statement of the terms and conditions of the issuance, and a statement of the shareholders' pre-emptive rights.	○
8	Detailed table clarifying the status of the company's capital for the last five years, and the notation in the commercial register for each.	○
9	Approval of the Central Bank of Kuwait for units subject to its supervision.	○
10	The opinion of an Auditor registered at the Authority to support its classification of preferred shares, with a statement of the assumptions and reasons that form the basis of the classification.	○
11	The opinion of a legal advisor on the classification of the preferred shares.	○
12	Approval of the Board of Directors of the company into whose Shares the Preferred Shares shall be converted, and the approval of the company's General Assembly to increase the issued capital for the purpose of making available the Shares required for converting (in the event that the preferred shares are convertible to ordinary shares).	○
13	Copy of the Company Contract for which Shares are convertible (in the event that the preferred shares are convertible to ordinary shares).	○
14	Copy of the fees receipt of the request of the capital increase at the Capital Markets Authority.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 5
Application Form for the Approval of a Preferred Shares Prospectus

Application Form for the Approval of a Preferred Shares Prospectus

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Information of the company
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Subscription Agent (if any)
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Information of the company	
Issuer name	
Commercial Registration No.	
Legal form of the company	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia Compliant
Date of incorporation	
Company's issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application information	
Prospectus type	☐ Public ☐ Private ☐ Supplementary
Issuance amount	
Number of Preferred Shares to be issued	
Par value of Preferred Share	
Premium per share	
Amount of issue expenses	
Term of Preferred Share	
Preferred Shares allocation mechanism	
Purpose of issuance	
Underwriter (if any)	
The period of practicing pre-emptive rights and trading them	
Procedures in the event that the subscription is not covered	

(3) Main Contact Person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(7) List of documents required upon submission of the application		
1	Copy of the company's notation on the Commercial Registration showing the company's authorized, issued and paid capital.	○
2	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Prospectus.	○
3	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Supplementary Prospectus.	○
4	Hard and soft copy of the draft prospectus with a notation at the margin of the prospectus pages of the requirements of the Bylaws of the Capital Markets Authority and number them according to a checklist. cfgd@cma.gov.kw	○
5	Checklist of the contents of the prospectus according to the requirements of the Bylaws of the Capital Markets Authority. cfgd@cma.gov.kw	○
6	Extraordinary general assembly's minutes of meeting on approving the issuance of the preferred shares.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 6
Application Form for Issuance or Offering of Bonds/Bonds Program

Application Form for Issuance or Offering of Bonds/Bonds Program

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer information
Section 2	Application information
Section 3	Bonds Program (in case the Bonds were issued according to segments within the same program)
Section 4	Company's information in which Bonds will be transferred into shares (in case of convertible bonds)
Section 5	Obligor information (in case of indirect issue)
Section 6	Guarantor's information (if any)
Section 7	Main contact person
Section 8	Legal Advisor
Section 9	Subscription Agent (if any)
Section 10	Auditor of the Issuer and Obligor
Section 11	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the Issuer	☐ Closed shareholding ☐ Public shareholding ☐ Listed ☐ SPV ☐ Government entity
Purpose of Incorporation (in case of a SPV)	
Company's issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company/entity domicile	
Tel. No.	
E-mail	
Website	

(2) Application Information		
Application Type	☐ Issuance or Offering of Bonds ☐ Approving Bonds Program	
Subscription Type	☐ Public	☐ Private
Issuance amount		
Bond's par value		
Amount of issue expenses		
Type of Bond		
Convertibility of Bonds into Shares	☐ Convertible to Shares	☐ Not convertible to Shares
Type of issue	☐ Direct	☐ Indirect
Credit rating of issuance		
Paying Agent		
Expected subscription opening and closing dates		
Purpose of issuance		
Allocation mechanism		
Bonds general terms and conditions		
Underwriter (if any)		

(3) Bonds Program (in case the Bonds were issued according to segments within the same program)	
The program's cap/the overall size of the issuances pursuant to the program	
Program's term	
Value of the first tranche within the program*	
Value of the other expected tranches within the program	

*The term stipulated in Article (2-13) of Module Eleven of the Executive Bylaws of the Authority's Law shall be taken into account to issue the first segment within the program.

(4) Company's information in which Bonds will be transferred into shares (in case of convertible Bonds)	
Name of the company in which Bonds will be converted into shares	
Date of financial year end	
Commercial Registeration No.	
Current issued and paid capital	
Authorized capital	
Conversion price	
Conversion ratio	
Time period of conversion	
Tel. No.	
E-mail	
Website	

(5) Obligor information (in case of indirect issue)	
Obligor name	
Commercial Registeration No.	
Current issued and paid capital	
Authorized capital	
Date of financial year end	
Company/entity domicile	
Tel. No.	
E-mail	
Website	

(6) Guarantor's Information (if any)	
Guarantor's Name	
In-kind guarantees (if any)	
Personal guarantees (if any)	
Tel. No.	
E-mail	

(7) Main contact person	
Name of the contact person	
Job title	
Tel. No.	
E-mail	

(8) Legal Advisor	
Name of entity/company	
Name of contact person	
Tel. No.	
E-mail	

(9) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(10) Auditor of the Issuer and Obligor	
Name of entity/company	
Name of contact person	
Tel. No.	
E-mail	

(11) List of documents required upon submission of the application		
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the end of the last financial year.	○
2	Copy of the minutes of the Issuer's and Obligor's ordinary general assembly meeting, including the issue of the general assembly's resolution on approving the issuance of bonds.	○
3	Copy of the company's Memorandum and Articles of Association of the Issuer and Obligor.	○
4	Copy of the notation on the commercial register showing the Issuer and Obligor's issued and paid capital.	○
5	Approval of the Central Bank of Kuwait for the units subject to its supervision.	○
6	Credit rating of the issuance or the preliminary credit rating (if any).	○
7	Approval of Regulatory Bodies concerned in the country of incorporation (in the event that the Issuer or Obligor is non-Kuwaiti national).	○
8	Copy of the concluded agreement on the issuance/program.	○
9	Copy of the minutes of the Issuer and Obligor's Board of Directors including the special recommendation of bond issuance.	○
10	Details of any legal procedures by or against the Issuer or Obligor.	○
11	Detailed table clarifying the issuances or offerings of Securities by the Issuer and Obligor for the last five years.	○
12	Copy of the commercial register or license certificate or any other similar documents of the Issuer and Obligor (if any).	○
13	Document of Green, Social, or Sustainability Bonds framework prepared in accordance with international frameworks (in the case of Sustainability Bonds).	○
14	Report by an independent entity/party specialized in environmental or social affairs reviewing the Green, Social, or Sustainability Bonds framework (in the case of Sustainability Bonds).	○
15	A real estate appraisal report shall be issued pursuant to Appendix 1 of this Module (in the case of Bonds guaranteed by real estate assets).	○

16	Copy of the resolution of the Board of Directors or specialized administrative authority of the Guarantor approving the security of the Bonds (in case of the secured Bonds).	○
17	Approval of the Board of Directors of the company into whose Shares the Bonds shall be converted, and the approval of the company's general assembly to increase the capital for the purpose of making available the Shares required for conversion (in case of convertible Bonds to Shares).	○
18	Copy of the Company Contract for which Shares are convertible (in case of the convertible Bonds to Shares).	○
19	Copy of the Fees payment receipt for the application of the Capital Markets Authority's approval of the issuance of debt instruments.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 7
Application Form for the Approval of a Bond Prospectus

Application Form for the Approval of a Bond Prospectus

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer information
Section 2	Application information
Section 3	Obligor information (in case of indirect issue)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Subscription Agent
Section 7	Auditor of the Issuer and Obligor
Section 8	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	☐ Closed shareholding company ☐ Public shareholding company ☐ Listed ☐ SPV ☐ Government entity
Issued and paid capital	
Company's authorized capital	
Date of Authority's approval for the issue	
Date of financial year end	
Company/entity headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Prospectus type	☐ Public ☐Private ☐ Supplementary
Issuance amount	
The issuance amount of the issuances pursuant to the program	
Par value of bond	
Type of bond	
Type of issue	☐ Direct ☐ Indirect
Credit rating of issuance	
Purpose of issuance	
Allocation mechanism	
Underwriter (if any)	
Procedures in the event that the subscription is not covered	

(3) Obligor information (in case of indirect issue)	
Obligor name	
Commercial Registration No.	
Issued and paid capital	
Authorized capital	
Date of financial year end	
Company/entity headquarter	
Tel. No.	
E-mail	
Website	

(4) Main contact person	
Name of Contact Person	
Job title	
Tel. No.	
E-mail	

(5) Legal Advisor (if any)	
Name of entity/company	
Name of Contact Person	
Job title	
Tel. No.	
E-mail	

(6) Subscription Agent (if any)	
Name of entity/company	
Name of Contact Person	
Job title	
Tel. No.	
E-mail	

(7) Auditor of the Issuer and Obligor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(8) List of documents required upon submission of the application	Attached
1	Copy of the credit rating of the issue or the preliminary credit rating (if any).	○
2	Copy of the Regulatory Bodies' approval of the issue.	○
3	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Prospectus.	○
4	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Supplementary Prospectus.	○
5	Hard and soft copy of the draft prospectus with a notation at the margin of the prospectus pages of the requirements of the Bylaws of the Capital Markets Authority and number them according to a checklist. cfgd@cma.gov.kw	
6	Checklist of the contents of the prospectus according to the requirements of the Bylaws of the Capital Markets Authority. cfgd@cma.gov.kw	

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 8
Application Form for Issuance or Offering of Sukuk/Sukuk Program

Application Form for Issuance or Offering of Sukuk/Sukuk Program

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer information
Section 2	Application information
Section 3	Sukuks Program (in case the Sukuk were issued according to segments within the same program)
Section 4	Company's information in which Sukuk will be transferred into shares (in case of convertible Sukuk)
Section 5	Obligor information (in case of indirect issue)
Section 6	Guarantor's information (if any)
Section 7	Main contact person
Section 8	Legal Advisor
Section 9	Subscription Agent (if any)
Section 10	Auditor of the Issuer and Obligor
Section 11	External Sharia Auditing Office of the issuance
Section 12	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	☐ Closed Shareholding ☐ Public Shareholding ☐ Listed ☐ Islamic Sharia compliant ☐ SPV ☐ Government entity
Purpose of incorporation (in case of a SPV)	
Company issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company/entity domicile	
Tel. No.	
E-mail	
Website	

(2) Application Information		
Application type	☐ Issuance or Offering of Sukuk ☐ Approving Sukuk Program	
Subscription type	☐ Public	☐ Private
Issuance amount		
Sukuk's par value		
Amount of issue expenses		
Type of Sukuk		
Convertibility of Sukuk into Shares	☐ Convertible to Shares	☐ Not convertible to Shares
Type of issue	☐ Direct	☐ Indirect
Credit rating of issuance		
Paying Agent		
Expected subscription opening and closing dates		
Purpose of issuance		
Allocation mechanism		
Sukuk general terms and conditions		
Underwriter (if any)		

(3) Sukuk Program (in case the Sukuk were issued according to segments within the same program)	
The program's cap/the overall size of the issuances pursuant to the program	
Program's term	
Value of the first tranche within the program*	
Value of the other expected tranches within the program	

*The term stipulated in Article (2-13) of Module Eleven of the Executive Bylaws of the Authority's Law shall be taken into account to issue the first tranche within the program.

(4) Company's information in which sukuk will be transferred into shares (in case of convertible Sukuk)	
Name of the company in which Sukuk will be converted into shares	
Date of financial year end	
Commercial Registration No.	
Current issued and paid capital	
Authorized capital	
Conversion price	
Conversion ratio	
Time period of conversion	
Tel. No.	
E-mail	
Website	

(5) Obligor information (in case of indirect issue)	
Obligor name	
Commercial Registration No.	
Issued and paid capital	
Authorized capital	
Date of financial year end	
Company/entity domicile	
Tel. No.	
E-mail	
Website	

(6) Guarantor's Information (if any)	
Guarantor name	
In-kind guarantees (if any)	
Personal guarantees (if any)	
Tel. No.	
E-mail	

(7) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(8) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Tel. No.	
E-mail	

(9) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(10) Auditor of the issuer and Obligor	
Name of entity/company	
Name of contact person	
Tel. No.	
E-mail	

(11) External Sharia Auditing Office of the Issuance	
Name of entity/company	
Name of contact person	
Tel. No.	
E-mail	

(12) List of documents required upon submission of the application		
1	Copy of the annual audited financial statements for the past three years, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the end of the last financial year.	○
2	Copy of the minutes of the Issuer's and Obligor's ordinary general assembly meeting, including the resolution on approving the issuance of Sukuk.	○
3	Copy of the company's Memorandum and Articles of Association of the Issuer and Obligor.	○
4	Copy of the notation on the commercial register showing the Issuer and Obligor's issued and paid capital.	○
5	Approval of the Central Bank of Kuwait for the units subject to its supervision.	○
6	Credit rating of the issuance or the preliminary credit rating.	○
7	Approval of Regulatory Bodies concerned in the country of incorporation (in the event that the Issuer or Obligor is non-Kuwaiti national).	○
8	Opinion of the External Sharia Auditing Office (in the event that issuance or offering was in accordance with the Sharia standards).	○
9	Copy of the concluded agreement on the issuance/program.	○
10	Copy of the minutes of the Issuer and Obligor's Board of Directors including the special recommendation of Sukuk issuance.	○
11	Details of any legal procedures by or against the Issuer or Obligor.	○
12	Detailed table clarifying the issuances of Securities by the Issuer and Obligor for the last five years.	○

13	Copy of the commercial register or license certificate or any other similar documents of the Issuer and Obligor (if any).	○
14	A real estate appraisal report shall be issued pursuant to Appendix 1 of this Module (in case the Securities were Sukuk guaranteed by real estate assets).	○
15	Copy of the resolution of the Board of Directors or specialized administrative authority of the Guarantor approving the security of the Sukuk (in case of the secured Sukuk).	○
16	Document of Green, Social, or Sustainability Sukuk framework prepared in accordance with international frameworks (in the case of Sustainability Sukuk).	○
17	Report by an independent entity/party specialized in environmental or social affairs on reviewing the framework of the Green, Social, or Sustainability Sukuk (in case of Sustainability Sukuk).	○
18	Approval of the Board of Directors of the company into whose Shares the Sukuk shall be converted, and the approval of the company's general assembly to increase the capital for the purpose of making available the Shares required for conversion (in the case of the Sukuk convertible to Shares).	○
19	Copy of the Company Contract for which Shares are convertible (in case of the Sukuk convertible to Shares).	○
20	Copy of the fee payment receipt for the application of the Capital Markets Authority's approval of the issuance of debt instruments.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 9
Application Form for Approval of *Sukuk* Prospectus

Application Form for Approval of Sukuk Prospectus

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer information
Section 2	Application information
Section 3	Obligor's information (in case of indirect issue)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Subscription Agent
Section 7	Auditor of the Issuer and Obligor
Section 8	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of Issuer	☐ closed shareholding company ☐ public shareholding company ☐ listed ☐ Islamic Sharia compliant ☐ SPV ☐ Government entity
Issued and paid capital	
Authorized capital	
Date of Authority's approval for the issue	
Date of financial year end	
Company/entity headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Prospectus type	☐ Public ☐ Private ☐ Supplementary
Issuance amount	
The total amount of the issuances pursuant to the program	
Par value of Sukuk	
Type of Sukuk	
Type of issue	☐ Direct ☐ Indirect
Credit rating of issue	
Purpose of issuance	
Allocation mechanism	
Underwriter (if any)	
Procedures in the event that the subscription is not covered.	

(3) Obligor's information (in case of indirect issue)	
Obligor name	
Commercial Registration No.	
Issued and paid capital	
Authorized capital	
Date of financial year end	
Company/entity headquarter	
Tel. No.	
E-mail	
Website	

(4) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(7) Auditor of the Issuer and Obligor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(8) List of documents required upon submission of the application	
1	Copy of the credit rating of the issue/obligor or the preliminary credit rating (if any).	○
2	Copy of the Regulatory Bodies' approvals on the issuance.	○
3	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Prospectus.	○
4	Fees payment receipt copy for the application of Capital Markets Authority's approval of the Supplementary Prospectus.	○
5	Hard and soft copy of the draft prospectus with a notation at the margin of the prospectus pages of the requirements of the Bylaws of the Capital Markets Authority and number them according to a checklist. cfgd@cma.gov.kw	○
6	Checklist of the contents of the prospectus according to the requirements of the Bylaws of the Capital Markets Authority. cfgd@cma.gov.kw	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 10
Authorization of Trading in Securities

Guidelines and Procedures of Authorization of Trading in Securities

First: Mechanism and Conditions of Authorization

A Clearing Agency shall, upon the review and approval of authorization of trading listed and unlisted Securities obtained from Licensed Persons to practice the activity of a Securities Broker or Investment Portfolio Manager as per the form it prepares pursuant to the following guidelines and procedures:

1. Authorization of trading listed and unlisted Securities for the following trading accounts:
    a. Natural persons' accounts
    b. Corporate entities' accounts (except for shareholding companies and Licensed Persons)
    c. Investment portfolios' accounts for Securities of Licensed Persons to practice the activity of Investment Portfolio Manager owned by natural persons and corporate entities (except for shareholding companies and Licensed Persons) and endowment (Waqf) and charity will which are only managed by the Client personally.
    d. Endowment (Waqf) accounts and charity will accounts.
2. The form related to authorization shall be completed by the authorizing person or its legal representative and authorized person by attending in front of:
    a. Licensed Persons to practice the activity of a Securities Broker, with regard to natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts.
    b. Licensed Persons to practice the activity of Investment Portfolio Manager, with regard to the Securities Investment Portfolios owned by natural persons or corporate entities (except for shareholding companies and Licensed Persons) and endowment (Waqf) accounts and charity will accounts which are managed by the Client.
3. Licensed Persons to practice the activity of a Security Broker or Investment Portfolio Manager must verify that all information and documents mentioned in the approved authorization form and "Know Your Client" form are complete, and then submit it to the Clearing Agency.
4. The authorized person must be a natural person.
5. Authorization for the account of natural persons, whether directly or through the accounts of Securities Investment Portfolios managed by Clients, must observe the following:
    a. The authorization must be defined by a specific period not exceeding ten calendar years. If the authorization period is not specified by the authorizing person, the above-mentioned period shall be applied. The authorizing or authorized person may cancel the authorization at any time.
    b. The authorized person may not be issued more than one authorization at the same time. The authorization issued by a relative up to the second degree shall not be counted among the number of authorizations.
    c. The authorizing person may not issue more than one authorization for the same account throughout the period of the authorization.

6. Corporate entities accounts (except for shareholding companies and Licensed Persons by the Authority), after verifying that the company's objectives include Dealing in Securities, must observe the following:

   a. The legal representative of the corporate entity may issue two authorizations maximum.

   b. The authorized person shall be one of the partners in the company or among the executive body of the corporate entity.

   c. The authorized person may not issue more than one authorization at the same time, with the exception of authorizations issued by corporate persons belonging to one group in respect of counting the number of authorizations.

   d. The authorization period may be defined, provided that it shall not exceed ten calendar years. If the authorization period is not specified, the above-mentioned period shall be applied.

   The authorizing or authorized person may cancel the authorization at any time.

7. Endowment (Waqf) accounts and charity will accounts, whether directly or through accounts of Securities Investment Portfolios managed by Clients, must observe the following:

   a. The legal representative, or the person managing the endowment (Waqf) account or the charity will account, may issue a maximum of two authorizations.

   b. The authorized person may not issue more than one authorization at the same time.

   c. The authorization period may be defined, provided that it shall not exceed ten calendar years. If the authorization period is not specified by the authorizing person, the above-mentioned period shall be applied.

   The authorizing or authorized person may cancel the authorization at any time.

8. In case of willing to end the authorization before its end period, the authorizing or authorized person shall complete the form prepared by the Clearing Agency to cancel the authorization at:

   a. Licensed Persons to practice the activity of Securities Broker with regard to natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts.

   b. Licensed Persons to practice the activity of Investment Portfolio Manager, with regard to Securities Investment Portfolios owned by natural persons and corporate entities and endowment (Waqf) accounts and charity will accounts managed by the Client.

   Thus, and in the case of the death of the authorizing person, the authorization issued by the authorized person shall be deemed automatically cancelled, provided that the authorized person shall be held accountable for all consequences and legal accountability towards any transactions performed by him after the date of death of the authorized person.

9. Licensed Persons to practice the activity of Securities Broker or Investment Portfolio Manager must verify that all information mentioned in the form of cancelling the approved authorization, and then submit it to the Clearing Agency.

Second: Essential information of authorization forms for trading listed and unlisted Securities:

A Clearing Agency shall prepare three types of authorization forms for trading listed and unlisted Securities as per the following:

a. Natural persons (whether directly or through Securities investment portfolios' accounts managed by the Client).

b. Corporate entities (except for shareholding companies and Licensed Persons by the Authority).

c. Endowment (Waqf) accounts and charity will accounts (whether directly or through accounts of Securities Investment Portfolios managed by the Client).

The form shall include the essential information that are deemed necessary by the Clearing Agency.

Third: Obligations:

1. Obligations of the authorized and authorizing persons:

   The authorized and authorizing persons shall notify the Clearing Agency promptly when updating any piece of information mentioned in the form.

2. Obligations of a Clearing Agency:

   a. Prepare the policies and procedures manual and the authorization forms for trading listed and unlisted Securities, provided that this policies and procedures manual is approved by the Authority.

   b. Set an automated system which enables the Clearing Agency to apply and monitor the guidelines and conditions relevant to the authorization of trading listed and unlisted Securities among the accounts of the authorized and authorizing persons.

3. Obligations of Licensed Persons to practice the activity of Securities Broker or Investment Portfolio Manager:

   a. Take all necessary and sufficient measures to verify the Client's identity, so that no order is received before verifying that such orders are made by the account holder or the authorized person.

   b. Verify the validity of the authorization before concluding any sale or purchase transactions by the authorized person.

Appendix 11
Application Form for the Approval of the Agenda of the Meeting of Bondholders or Sukukholders' Assesmbly

Application Form for the Approval of the Agenda of the Meeting of Bondholders or Sukukholders' Assesmbly

NOTE:
All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer information
Section 2	Information on the Meeting of Bondholders or Sukukholders Assembly
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Issuer Information	
Issuer name	
Commercial Registration No.	
Legal form of the Issuer	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia Compliant ☐ SPV
Issued and paid capital	
Authorized capital	
Date of Authority's approval for the issue	
Date of financial year end	
Company/entity headquarters	
Tel. No.	
E-mail	
Website	

(2) Information on the Meeting of Bondholders or Sukukholders Assembly	
Reasons for requesting to hold the assembly of Bondholders or Sukukholders Assembly	
Items to be discussed	

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(6) List of documents required upon submission of the application	Attached
1	Agenda of the Meeting of Bondholders or Sukukholders Assembly with a soft copy	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 12
Application Form for Distribution of Bonus Shares of a Shareholding Company

Application Form for Distribution of Bonus Shares of a Shareholding Company

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the company	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia Compliant
Company's issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Company's current and paid capital before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of bonus shares	
Par value of share	
Allocation mechanism	

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(6) List of documents required upon submission of the application	Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year.	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Copy of the minutes of the Board of Director's meeting including the resolution of distribution of bonus shares.	○
4	Approval of the Central Bank of Kuwait for the units subject to its supervision.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 13
Application Form for the Capital Decrease of a Shareholding Company

Application Form for the Capital Decrease of a Shareholding Company

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the company	☐ Closed shareholding ☐ Public Shareholding ☐ Listed ☐ Islamic Sharia Compliant
Date of incorporation	
Company's issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company's domicile	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Paid capital before the decrease	
Amount of decrease	
Percentage of decrease	
Capital after decrease	
Number of canceled Shares	
Par value of Share	
Reasons of decrease	
Decrease mechanism	

(3) Main Contact Person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(6) List of documents required upon submission of the application	
1	Copy of the annual audited financial statements and copy of the reviewed periodical financial statements in case of a lapse of six months from the last financial year.	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Copy of the minutes of the Board of Directors' meeting, including the recommendation of decreasing the capital and stating the reasons and method of cancelling the Securities.	○
4	Detailed table showing capital movement for the last five years, and notation on the commercial register for each year.	○
5	A statement from the company that it has paid all financial obligations on their due dates, and that it has sufficient balances to pay any future dues (In case the decrease was due to having capital more than the company's need).	○
6	Approval of the Central Bank of Kuwait for the units subject to its supervision.	○
7	A statement of the method of treatment of the Treasury Shares within the required transaction of the capital decrease.	○
8	Report from the company's Board of Directors explaining the reasons for the losses, the impact of the capital decrease on the company and the shareholders, and the risk factors associated with the decrease and the necessary measures for that (in case the decrease was for the purpose of addressing the accumulated losses).	○
9	Copy of the capital adequacy report before the capital decrease, and statement of the capital adequacy components and percentage after the decrease (for Licensed Persons).	○
10	Copy of the fee payment receipt for the application of Capital Markets Authority's approval of the capital decrease for being more than needed.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 14
Application Form for the Issuance or Offering of Ordinary Shares of a Shareholding Company (Capital Increase of a Shareholding Company)

Application Form for the Issuance or Offering of Ordinary Shares of a Shareholding Company (Capital Increase of a Shareholding Company)

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Subscription Agent (if any)
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Company information	
Company name	
Commercial Registration No.	
Legal form of the Company	☐ Closed Shareholding ☐ Public Shareholding ☐ Listed ☐ Islamic Sharia Compliance
Company's issued and paid capital	
Company's authorized capital	
Date of financial year end	
Company's domicile	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Subscription type	☐ Public ☐ Private
Current and paid capital before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of Shares of the increase	
Par value of the Share	
Provisional Share premium amount, if applicable (in case of issuance)	
Fair value of the Share (in case of offering)	
Asset Valuator licensed by the Authority (in case of in-kind Shares)	
Value of In-kind Shares (if any)	
Expected subscription opening and closing dates	
Amount of issue expenses and the entity responsible for paying them	
Reasons of increase	
Details of the use of issuance proceeds	
Underwriter (if any)	
Period of practicing and trading Pre-emptive Rights	

Steps and procedures in the event that the subscription is not covered	
Brief description of any future arrangements for trading offered Securities	
Allocation mechanism	

(3) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(7) List of documents required upon submission of the application	Attached
1	Copy of the annual audited financial statements and copy of the reviewed periodical financial statements in case of a lapse of six months from the date of the last financial year.	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Valuation of in-kind Shares offered by Assets Valuator licensed by the Authority (in case of in-kind increase).	○
4	Report issued by an Investment Advisor or Asset Valuator licensed by the Authority indicating the basis and method for calculating the Share premium in the event of Share premium, or the fair value of the Share in the case of offering.	
5	Written approval from the creditor approving the transfer of debt to Shares in the company's capital (in case of converting the debt to Shares).	○
6	Detailed table showing the capital movement for the last five years, and notation on the Commercial Register for each year.	○
7	Copy of the minutes of meeting of the Company's Board of Directors showing the reasons and methods for the capital increase, and a statement of the Pre-emptive Rights of the shareholders.	○
8	Approval of the Central Bank of Kuwait for the units subject to its supervision.	○
9	Statement of the debt principal and Bond and its value and submission of a copy of the debt contracts, or any related contracts (in case of converting the debt to Shares).	○
10	Copy of the company's report prepared for shareholders, which clarifies all the required information in accordance with Article (15-10) (in case of converting the debt to shares).	○
11	Copy of the concluded agreement with the Underwrite (if any).	○
12	The Authority's approval on mergers and acquisition (in case of mergers and acquisition).	○
13	Copy of the capital adequacy report before the capital increase, and statement of the capital adequacy components and percentage after the increase (for Licensed Persons).	○
14	Copy of the fee payment receipt for the application of Capital Markets Authority's approval of the capital increase.	○

Applicant's name	
Job title	
Date	
Signature	
The company's seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 15
Application Form for the Approval of a Prospectus for Offering of Ordinary Shares.

Application Form for the Approval of a Prospectus for Offering of Ordinary Shares.

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Subscription Agent (if any)
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Company Information	
Company name	
Commercial Registration No.	
Legal form of the Company	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia Compliant
Company's issued and paid-up capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Prospectus type	☐ Public offer ☐ Private placement ☐ Complementary prospectus
Amount of increase	
Percentage of increase	
Number of shares of the increase	
Par value of the share	
Value of the share premium	
Issuance expenses amount	
Reasons of the increase	
Allocation mechanism	
Underwriter (if any)	
Period for exercising Pre-emptive Rights, and means of trade of such rights	
Steps and procedures in the event that the subscription is not covered	

(3) Main Contact Person	
Name of contact person	
Job title	
Department	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(7) List of documents required upon submission of the application	
1	Copy of the minutes of meeting of the ordinary and extraordinary general assembly showing the company's general assembly's approval on the increase.	○
2	Copy of the Sharia opinion (in the event that the issuance or offering is pursuant to Islamic Sharia).	○
3	Copy of the company's notation on the Commercial Register showing the company's issued and paid-up capital.	○
4	Fees payment receipt copy of the application of approving the prospectus at the Capital Markets Authority.	○
5	Copy of the fee payment receipt for the application for approval of the supplementary subscription prospectus with the Capital Markets Authority.	○
6	Hard and Soft copy of the Draft prospectus, with a notation on the margins of the prospectus pages indicating the Bylaws' requirements of the Capital Markets Authority, and numbering them according to the checklist. cfgd@cma.gov.kw	○
7	List of the contents of the prospectus in accordance with the Bylaws' requirements of the Capital Markets Authority (Checklist). cfgd@cma.gov.kw	○
8	The Authority's conditional approval to increasing the shareholder base for listing (in the case of shareholding companies intending to list on the Exchange).	○

Applicant's name	
Job title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job title	
Date	
Signature	
The Authority's seal	

Appendix 16
Application Form for the Capital Restructuring of a Shareholding Company

Application Form for the Capital Restructuring of a Shareholding Company

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only.
Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Capital Reduction Information
Section 4	Capital Increase Information
Section 5	Main Contact Person
Section 6	Legal Advisor
Section 7	Subscription Agent (if any)
Section 8	Auditor
Section 9	List of documents required upon submission of the application

(1) Company Information	
Company name	
Commercial Registration No.	
Legal form of the Company	☐ Closed Shareholding ☐ Public Shareholding ☐ Listed ☐ Islamic Sharia compliant
Company's issued and paid-up capital	
Company's authorized capital	
Date of financial year end	
Company's domicile	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Current capital paid before restructuring	
Amount of reduction	
Percentage of reduction	
Amount of increase	
Percentage of increase	
Number of shares after executing the restructuring	
Capital after executing the restructuring	
Expenses of restructuring and entity responsible for paying them	
Reasons of restructuring	
Details of the use of issue proceeds	
Method of restructuring	
Any obligations that will be required from the shareholders after capital restructuring	
Underwriter (if any)	

(3) Capital Decrease Information	
Current paid-up capital before decrease	
Number of Shares before decrease	
Par Value of the Share	
Reduced Shares value	
Number of reduced Shares	
Percentage of reduction	
Capital after reduction	
Number of Shares after reduction	
Reasons of capital reduction	

(4) Capital Increase Information	
Paid-up capital after reduction and before increase	
Number of Shares after reduction and before increase	
Par Value of the Share	
Value of issued Shares	
Number of increased shares	
Provisional Share premium amount (if applicable)	
Percentage of increase	
Paid-up capital after the increase	
Number of Shares after increase	
Reasons of capital increase	
Expected opening and closing date for subscription	
Allocation Mechanism	

(5) Main Contact Person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	

E-mail	

(7) Subscription Agent (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(8) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(9) List of documents required upon submission of the application	
1	Copy of the annual audited financial statements and copy of the reviewed periodical financial statements in case of a lapse of six months from the date of the last financial year.	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Valuation of in-kind Shares offered by Assets Valuator licensed by the Authority (in case of in-kind Share increase).	○
4	Report issued by an Investment Advisor or Asset Valuator licensed by the Authority indicating the basis and method for calculating the provisional Share premium (in case of Share premium).	
5	Written approval of the creditor to convert the debt into Shares in the company's capital (in case of converting debt into Shares).	○
6	Study of the restructuring and its impact on the current situation of the company, and stating the shareholders' rights before and after the restructuring.	○
7	Detailed table showing the capital movement for the last five years, and notation on the commercial register for each year.	○
8	Concerned company's correspondences on the request (if any)	○

9	Copy of the minutes of the Board of Director's meeting including the recommendation of capital restructuring, with a statement of the reasons and methods of capital restructuring, and a statement of the shareholders' Pre-emptive Rights.	○
10	Approval of the Central Bank of Kuwait for units subject to its supervision.	○
11	Copy of the capital adequacy report before the restructuring process, and statement of the capital adequacy components and percentage after the restructuring process (for Licensed Persons).	○
12	Copy of the agreement concluded with the Underwriter (if any).	○
13	Statement of the origin and deed of the debt and its value, and submission of a copy of the debt contracts, and any related contracts (in case of converting debt into Shares).	○
14	Statement of how treasury Shares are treated within the capital restructuring process.	○
15	Copy of the company's report prepared for shareholders, which clarifies all the required information in accordance with Article (15-10) (in case of transferring the debt to shares).	○
16	The Authority's approval of the merger and acquisition (in case of merger and acquisition).	○
17	Copy of the fee payment receipt for the application of Capital Markets Authority's approval of the capital increase.	○

Applicant's name	
Job Title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job Title	
Date	
Signature	
The Authority's seal	

Appendix 17
Application Form for Approval and Exercise of Employee Stock Options

Application Form for Approval and Exercise of Employee Stock Options

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information (in case of new share issuance)
Section 3	Application information (in case of use of treasury shares)
Section 4	Main contact person
Section 5	Legal Advisor
Section 6	Auditor
Section 7	List of documents required upon submission of the application

(1) Company Information	
Company name	
Commercial Registration No.	
Legal form of the Company	☐ closed shareholding ☐ public shareholding ☐ listed ☐ Islamic Sharia compliant
Company's issued and paid-up capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information (in case of new share issuance)	
Capital paid before the increase	
Amount of increase	
Percentage of increase	
Capital after the increase	
Number of shares of the increase	
Par value of the share	
Issuance expenses amount	
Reasons of the increase	
Allocation mechanism	

(3) Application Information (in case of use of treasury shares)	
Capital paid before the increase	
Treasury shares balance	
Number of shares allocated to the program	
Current treasury shares ownership percentage	
Owned Treasury shares cost to date (K.D.)	
Financing resources	
Accounts attached from the equity accounts against the cost of owned treasury shares	Share premium Legal reserve: General reserve: Retained earnings:
Date of General Assembly's authorization to deal with the company's shares	
Date of Authority's approval on dealing in the company's shares (if any)	

(4) Main contact person	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

	(7) List of documents required upon submission of the application	Attached
1	Copy of the annual audited financial statements, and a copy of the reviewed periodical financial statements in case of the lapse of six months from the date of the last financial year	○
2	Copy of the company's notation on the commercial register showing the company's authorized, issued and paid capital.	○
3	Copy of the company's incorporation documents and their amendments, showing the item which permits the company to create an employee stock options program.	○
4	Copy of the general assembly's approval of the employee stock options program.	○
5	Copy of the employee stock options program.	○
6	Copy of the Sharia opinion (in the event of issuance or offering according to the provisions of Islamic Sharia).	○
7	Copy of the company's Board of Directors meeting minutes, including the recommendation regarding the employee stock options system, and the approval of the capital increase (in the event of issuing new shares).	○
8	Copy of the Authority's approval letter valid for dealing in treasury shares (in case of dealing in company shares - treasury shares).	○
9	Copy of the minutes of the Ordinary General Assembly meeting, which authorizes the Board of Directors to deal in the company's treasury shares at a rate not exceeding 10% of the company's shares, provided that the authorization is valid and does not exceed eighteen months (in case of dealing in company shares - treasury shares).	○
10	Study submitted by a licensed Investment Advisor showing the fair value of the company's share price (in case of dealing in company shares - treasury shares for unlisted companies).	○
11	Statement of the names of the subsidiaries (if any, in the case of dealing in company shares - treasury shares).	○
12	Recent statement of the balance of treasury shares owned by the company and its Subsidiaries issued by the Clearing Agency based on shareholders' registry (in case of dealing in company shares - treasury shares).	○
13	Copy of the fee payment receipt for the application for approval of the employee stock options program with the Capital Markets Authority.	○

Applicant's name	
Job Title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job Title	
Date	
Signature	
The Authority's seal	

Appendix 18
Application Form for the Stock Split of a Shareholding Company

Application Form for the Stock Split of a Shareholding Company

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company information
Section 2	Application information
Section 3	Main contact person
Section 4	Legal Advisor
Section 5	Auditor
Section 6	List of documents required upon submission of the application

(1) Company Information	
Company name	
Commercial Registration No.	
Company nature	☐ closed ☐ public ☐ listed ☐ Islamic Sharia compliant
Company's current issued and paid-up capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Application Information	
Current and paid-up capital before split	
Number of capital shares before split	
Par value of the share before split	
Split ratio	
Capital after split	
Number of capital shares after split	
Par value of the share after split	
Expenses of the shares split transaction	
Maturity mechanism	

(3) Main contact person	
Name of contact person	
Job title	
Department	
Tel. No.	
E-mail	

(4) Legal Advisor (if any)	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(5) Auditor	
Name of entity/company	
Name of contact person	
Job title	
Tel. No.	
E-mail	

(6) List of documents required upon submission of the application		
1	The audited financial statements for the past two years, and the last reviewed periodical financial statements, including the company's profits for the last two consecutive years.	○
2	The time frame upon which the shares will be split, including the percentage (rate) of the split, the nominal value before and after the split, and the maturity mechanism.	○
3	A feasibility study showing the reasons and justifications for the stock split, the effect of the process on the rights of shareholders and dealers, the stability of trading in the Exchange, and the expenses of the split process.	○
4	Commercial registry notation regarding the authorized, issued and paid-up capital shares and the nominal value of the share, with an indication of the nominal value of the shares paid.	○
5	Board of Directors' decision of approving the process of stock split, explaining the percentage (rate) of the split, with an indication of the maturity mechanism.	○
6	Approval of the Central Bank of Kuwait for units subject to its supervision.	○

Applicant's name	
Job Title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job Title	
Date	
Signature	
The Authority's seal	

Appendix 19
Application Form of the Subscription Procedures and Post-Subscription Disclosures in Securities

Application Form of the Subscription Procedures and Post-Subscription Disclosures in Securities

NOTE:
All application forms referenced in the "translation" of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Company/Issuer Information
Section 2	Obligor Information (In case of Indirect Issue)
Section 3	Application Information
Section 4	Main Contact Person
Section 5	List of documents required upon submission of the application

(1) Company/Issuer Information	
Company/Issuer name	
Commercial Registration No.	
Company nature	☐ closed ☐ public ☐ listed ☐ Islamic Sharia compliant ☐ Special Purpose Vehicle Company
Company's current issued and paid capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Obligor Information (In case of Indirect Issue)	
Obligor name	
Commercial Registration No.	
Company's current issued and paid capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(3) Application Information	
Category of subscription	☐ ordinary shares ☐ preferred shares ☐ bonds ☐ sukuks
Type of subscription	☐ public ☐ Private
Amount of issue	

(4) Main contact person	
Name of contact person	
Job title	
Department	
Tel. No.	
E-mail	

	(5) List of documents required upon submission of the application	
1	Copy of the final prospectus approved by the Authority.	○
2	Statement of the total number of subscribed securities, their value, and the method of paying the subscription amount.	○
3	Certificate from the bank that has the subscription account, indicating the total subscription amounts that were deposited in the account.	○
4	List of the names of all persons who subscribed in the securities, who were allocated securities and the number allocated to each of them, and names of persons whose subscriptions were nulled and the reason for nullification.	○
5	Statement issued by the Clearing Agency that keeps a register of securities holders, indicating the names of the subscribers to whom the securities were allocated, the number of securities allocated to each of them and their nominal value.	○
6	Copies of the subscription announcement in the local newspapers (in case of an IPO).	○
7	Statement from the company that it has published a copy of the prospectus approved by the Authority on the website of the issuer, the subscription agent and the obligor. It shall be printable and downloadable two working days before the subscription is opened, and that it provided sufficient copies of the prospectus in the Exchange (in case of IPO).	○

Applicant's name	
Job Title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job Title	
Date	
Signature	
The Authority's seal	

Appendix 20
Application Form for the Notification of Segment Issue within the Issue Program

Application Form for the Notification of Segment Issue within the Issue Program

NOTE:
All application forms referenced in the “translation” of the Bylaws are for reference purposes only. Application forms to be submitted to the Authority are to be in Arabic language only.

List of contents	
Section 1	Issuer Information
Section 2	Obligor Information (In case of Indirect Issue)
Section 3	Application Information
Section 4	Main Contact Person
Section 5	List of documents required upon submission of the application

(1) Issuer Information	
Company/Issuer name	
Commercial Registration No.	
Company nature	☐ public shareholding ☐ closed shareholding ☐ listed ☐ Government Entity ☐ Special Purpose Vehicle Company
Company objectives (in case of Special Purpose Vehicle Company)	
Company's current issued and paid capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(2) Obligor Information (In case of Indirect Issue)	
Obligor name	
Commercial Registration No.	
Company's current issued and paid capital	
Authorized capital	
Date of financial year end	
Company headquarters	
Tel. No.	
E-mail	
Website	

(3) Application Information	
Type of issue	☐ bonds ☐ sukuks
Type of subscription	☐ public ☐ Private
Amount of issue	
Current status of the program	
Program cap	
Program term	
Date of obtaining the Authority's approval of the program	
Segments issued within the program	
Paid segments	

(4) Main contact person	
Name of contact person	
Job title	
Department	
Tel. No.	
E-mail	

	(5) List of documents required upon submission of the application	
1	Copy of the issuer or obligor's current credit rating report.	○
2	Copy of the minutes of the last meeting of Bond or Sukuk holders (if any).	○
3	Supplementary prospectus (if any).	○
4	Copy of the Authority's approval of the issue program.	○

Applicant's name	
Job Title	
Date	
Signature	
The company seal	

Authority's use	
Application Officer	
Job Title	
Date	
Signature	
The Authority's seal	

Appendix 21
Application Form for the Memorandum of Association of a Special Purpose Vehicle Company

The Company's Contract or the Company's Articles of Association

(The Memorandum and Articles of Association)

The company (----------)

Special Purpose Vehicle Company

(Add the phrase "conducting its activities in accordance with the provisions of Islamic Sharia" if the company conducts its activities in accordance with Islamic Sharia)

On the day (--------) corresponding to (--- / --- / ------) in the State of Kuwait

This contract was concluded between:

First: Sirs /Company (Company …..... Company's Form shall be written), in accordance with the memorandum and articles of association authenticated by No. ..... Date: ....., under Commercial Registration No. ..... Date: ...., its represented signatory Mr. ..... nationality: ..... Civil ID No: ..... as ..... in accordance with .....

Address: .....

Website: (optional) .....

E-mail: .....

Phone Numbers: .....

First Party: (Founder and Shareholder)

Second: Mr. ..... Nationality..... Civil ID No.....

Address: .....

E-mail: .....

Phone Numbers: .....

Second Party: (Founder and Shareholder)

Third: Mr. ..... Nationality ..... Civil ID No. .....

Address: .....

E-mail: .....

Phone Numbers: .....

Third Party: (Founder and Shareholder)

(Note: A Special Purpose Vehicle Company may be formed by one person. Founders or shareholders shall not be more than three during the term of the company. In the event it was formed by one person, the phrase " These Articles of Association were concluded between" shall be replaced with the following: "Mr./ Mrs. was present with their legal capacity to establish a closed shareholding Special Purpose Vehicle Company in accordance with the provisions and rules prescribed for its establishment as stipulated in the Articles of Law No. 7 of 2010 and its Executive Bylaws and their amendments. In addition to acknowledging their commitment to all the rules set for the establishment of the company in accordance with the provisions of the following articles).

The founders acknowledge their legal capacity to establish a closed shareholding Special Purpose Vehicle Company amongst themselves and their commitment to the provisions and rules prescribed for its establishment as stipulated in the Articles of Law No. 7 of 2010 and its Executive Bylaws and their amendments. The founders also acknowledge their adherence to all the rules set for the establishment of the company in accordance with the provisions of the following articles:

Corporate Entity

Article (1)

The company shall have a corporate entity status as of the date of license issued by the Authority.

Company Name

Article (2)

The name of the company (----------) a Special Purpose Vehicle Company, and the phrase (Special Purpose Vehicle Company) shall be added to the name of the company in all papers, publications and correspondence carried out by the company.

Company Headquarters

Article (3)

(Optional text in case of existence of company headquarters)

The company's headquarters is located in (----------).

Chosen domicile

Article (4)

The company's chosen domicile in which notifications, correspondences and announcements is:

Company objectives

Article (5)

(In the event that a Special Purpose Vehicle Company is formed for the issue of Sukuk, it may exercise one or more of the following activities)

The objective of the Company is to exercise the following activities:

1. Issue of Sukuk, act as a Trustee or agent or perform all activities related to the issue of Sukuk.
2. Ownership or holding of Sukuk assets or disposal of Sukuk assets on behalf of Sukuk holder.
3. Management and use of assets for the purposes for which the Sukuk are issued.
4. Distribution of Sukuk returns and redemption value.
5. Conclusion of contracts with the Originator, Obligor or others taking part in the issue.
6. Other supporting and ancillary activities to that mentioned in this article.

(In the event that a Special Purpose Vehicle Company is formed for the issue of Bonds, it may exercise one or more of the following activities)

The objective of the Company is to exercise the following activities:

1. Issue of Bonds, acting as a Trustee or agent or perform all activities related to the issue of Bonds.
2. Grant loans to Obligors, which are equal to the subscription payment.
3. Distribution of Bonds returns and redemption value.
4. Other supporting and ancillary activities to that mentioned in this article.

Sharia Supervision

Article (6)

(In the event that the company exercise its activity in accordance with Islamic Sharia)

The External Sharia Auditing Office registered with the Authority in charge of reviewing the structure of issuing the Sukuk, expressing the Sharia opinion on it and approving it, undertakes the functions of Sharia supervision over the company's activities and verification of its compliance with the provisions of Islamic Sharia.

Company Term

Article (7)

The term of the company is (----------), the term may be extended provided that the approval of the Capital Markets Authority and the Sukuk/Bondholders Association is obtained.

The Financial Year

Article (8)

The company's financial year starts on the first (----------) and ends on (----------), with exception to the first financial year that starts from the date of the company is registered in the Capital Markets Authority's register and ends in (----------) of the following financial year.

Share Capital

Article (9)

The company's share capital has been determined at KD (----------) with (----------) shares with a nominal value of KD (----------) per share.

Article (10)

The company's share capital shall be registered by way of trusteeship in the name of any of the entities the Authority approves of to own shares in the company's capital, particularly the following entities:

1.A licensed or a registered person in the Authority and its subsidiaries.

2.Law firms.

3. Obligor or originator in the case of Bonds.

Article (11)

The shareholders who signed this contract subscribe to 100% of the company's capital as follows:

	Name of Shareholder	Number of Shares	Type	Value in Kuwaiti Dinar
1.				
2.				
3.				

Article (12)

Shares issued by Special Purpose Vehicle Company shall not be disposed of or transferred unless approved by the Authority, and it shall not be subject to attachment or forced sale.

Article (13)

In the event of bankruptcy of a shareholder or the entity that manages the company or the imposition of custody or liquidation thereof, the shares shall not be included in bankruptcy or liquidation or custody funds.

Article (14)

The company may not resort to public subscription to raise capital or borrow funds.

Incorporation Expenses

Article (15)

The expenses, expenditures, wages and costs which the company has committed to pay due to its incorporation are the amount of KD (----------) according to the statement attached to the original contract which shall be deducted from the general expenses account.

Company Management

Article (16)

The company is managed by a Board of Directors composed of:

Mr. / ..... - Nationality ..... - Civil ID .....
Chairman of the Board / Chairman of the Board of Directors

Address: .....

E-mail: .....

Phone Numbers: .....

Mr. / ..... - Nationality ..... - Civil ID .....
Vice Chairman / Vice Chairman of the Board of Directors

Address: .....

E-mail: .....

Phone Numbers: .....

Mr. / ..... - Nationality ..... - Civil ID .....
Member of the Board / Member of the Board of Directors

Address: .....

E-mail: .....

Phone Numbers: .....

The company may be managed by any of the persons stated in Article (10) of this contract. In this case, most of Members of the Board of Directors shall be employees of the entity to which the management of the company is entrusted. This entity or its subsidiary thereof shall exercise the role of secretary.

The board shall have a secretary appointed by a decision of the shareholders.

Article (17)

The term of membership of the Board of Directors shall be for the entire company term.

By virtue of a resolution issued by the shareholders at any time, the Board of Directors may be replaced by another, and they may replace one or more members, and they may also restructure the board.

Those entrusted with the company's management may also be removed by virtue of a resolution by the Authority or court order based on a claim filed by one of the Bondholders or Sukukholders in the event that their conduct negatively affect the public interest or the interest of the Bondholders or Sukukholders of the company or if their conduct does not serve the company's objectives. In this case, the management of the company may be assigned to another entity decided by the Authority, until the company assigns a new managing entity approved by the Authority.

Article (18)

The Board of Directors meeting is held in the presence of the majority of its members, and the decisions of the Board are issued with the approval of the majority of the members provided that the Chairman or Vice Chairman is among them. The Board may meet through the use of one of the modern means of communication, in which case the minutes of the board meeting are confirmed by a certificate signed by the Secretary, or Chairman, or Vice Chairman of the Board.

Article (19)

The Board of Directors may carry out all the activities required by the company's management in accordance with its objectives, and this authority shall not be limited except by the provisions of the law, the company's contract, or the shareholders' resolutions.

The Board of Directors may not borrow or mortgage the company's real estate or funds, contract guarantees, arbitration, conciliation, or donations unless it is necessary to achieve the purposes set forth in this contract.

Article (20)

The Board may - after the approval of the shareholders - authorize the Chairman, Vice Chairman or one of the members in all or some of the roles of the Board. In this case, the person delegated on behalf of the Board must notify the members of the Board and the Secretary of the resolutions taken within a maximum period of three working days from the date of its issuance. The notification may be made through one of the modern means of communication.

Article (21)

Management fees and method of payment shall be in accordance with the management agreement concluded between ..... (may be the obligor or the originator of the bonds or shareholders) and members of the Board of Directors / Management (or one of the persons indicated in Article 10) dated on .. / .. / .....

Article (22)

The management of the company shall be in responsible in carrying out the following actions:

1. Prepare the minutes of meetings of the Board of Directors / Management, including the record of the discussions held in those meetings, proposed resolutions and voting procedures.
2. Prepare the financial statements and records required in accordance with the company's contract.
3. Submit any notification or declarations required in accordance with Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws and their amendments.
4. Notify the obligor five working days before the maturity date of any amounts under the conditions stipulated in the Prospectus to deposit such amounts in the account opened by the payment agent, designated to fulfill the periodic distributions and pay the redemptions in the name of the company.
5. Notify the record keeping entity of redemption of Bonds and Sukuk wholly or partially, in the event that the conditions of redemption are fulfilled, and provide it with evidence the redemption conditions are fulfilled.

Article (23)

The company shall not be liable for the tasks and actions carried out by the Board of Directors in its name and for its account, if such tasks and actions do not fall within the objectives for which the company was established.

In this case, the Board of Directors / Management of the company shall be liable for any damages that may be incurred by the company or third parties as a result of these tasks and actions.

Article (24)

The Company's Board of Directors shall take measures that would assess the company's current and future liabilities and in such a manner that it will be able to meet these obligations when due.

Article (25)

The management of the company may not hold the company liable for any obligations, except within the limits of those obligations arising from the issuance of units of (bonds / sukuk).

Article (26)

The company shall notify the Authority of any changes that occur to management, members of the Board of Directors, secretary, the shareholders, or its chosen domicile, within ten working days of this change.

Article (27)

The company shall not have employees working for it, and it shall not have a file with the Ministry of Social Affairs and Labor for the purpose of recruiting foreign labor.

General Assembly

Article (28)

The company shall be exempted from holding the ordinary or extraordinary general assembly meeting according to what is stipulated in Law No. 1 of 2016 on the Promulgation of the Companies Law and its amendments, and shall be replaced by the written approval of all the shareholders for resolutions.

Article (29)

With the exception of the powers prescribed under this contract for the management of the company, the general assembly is responsible for overseeing and supervising the company's management, appointing, replacing and dismissing the management, amending the company's contract after obtaining the approval of the Authority, and taking all necessary resolutions to fulfill the company's objectives.

Disclosure and transparency

Article (30)

The Special Purpose Vehicle Company shall comply with the provisions stated in Module Ten (Disclosure and Transparency) of Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments in the event that the Bonds or Sukuk issued are listed on the Exchange.

Accounts, Audit and Inspection

Article (31)

The company shall be subject to the procedures and provisions for auditing, regulating and inspection of the accounts of Licensed Persons as per the Law No.7 of 2010 and its Executive Bylaws and their amendments. The company shall provide the representative (representing the the Bondholders/ Sukukholders' Association) with the audited annual financial statements and interim audited quarterly financial statement, unless the Authority decides to exempt it from these procedures.

Article (32)

The auditor of the company shall submit an annual report on all the company's activities made during the year with the Originator or Obligor, and any change in the main activities of the company or its shareholders. The External Sharia Auditing Office registered with the Authority for the company is obligated to submit an annual report on all the company's business and the extent of its commitment to the provisions of Islamic Sharia.

Article (33)

The company shall be exempted from the obligation to deduct an annual percentage of profits to form reserves in accordance with the provisions of Article (118) of Law No. 1 of 2016 on the Promulgation of the Companies Law and its amendments.

Company's Liquidation and Winding up

Article (34)

A. The company is dissolved automatically within one month from the date of fulfilling the condition for the expiry of the of Bonds or Sukuk.

B. The shareholders may issue a resolution to dissolve the company and appoint a liquidator thereof to carry out the company's work, provided that the obligations arising from the bonds and bonds expire, unless the Authority agrees to transfer the obligations arising from those bonds and sukuk to the obligor directly or to another Special Purpose Vehicle Company.

C. The shareholders, the company's management and the liquidators are obligated to note in the register of requests for establishing a Special Purpose Vehicle Company the following matters:

1- The expiration of the Bonds or Sukuk.

2- One of the reasons for dissolving the company has occurred.

3- Any decision issued to appoint or replace a liquidator for the company.

4- The termination of liquidation works.

The notation shall be based on a notification addressed to the Authority within ten working days from the date of verification of any of the cases indicated in this paragraph.

Limits of Being Subject to the Companies Law

Article (35)

The provisions of Law No. 1 of 2016 on the Promulgation of the Companies Law and its amendments relating to closed shareholding companies shall apply to the company, in respect of which no special provision has been mentioned in this contract or Chapter Seven (Special Purpose Vehicle Companies) of Module Eleven (Dealing in Securities) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments.

Copies of the Contract

Article (36)

This contract shall be issued based on one original and four copies. Each copy consists of (---) pages and includes a number (---) of Articles, without deletion or addition.

An original copy of the company's contract is kept in its head office and on its website, and an original copy of this contract is kept on the company's file with the relevant department of the Capital Markets Authority.

First Party:

Name:

Signature:

Second Party:

Name:

Signature:

Third Party:

Name:

Signature:

Appendix 22
Client Acknowledgment Statement on the Nature of Investment in the Emerging Companies Market

Client Acknowledgment Statement on the Nature of Investment in the Emerging Companies Market

Company (Name of the Issue Manager or Securities Broker) confirms that this market may not be suitable for Retail Clients. As Retail Clients, it is strongly advised that you review all the details and aspects relevant to the available investment opportunities in the Emerging Companies Market, and that you consult a licensed Investment Advisor registered with the Capital Markets Authority to ensure the suitability of this opportunity - specifically this type of investment with your investment objectives and your level of risk tolerance.

By signing this document, you acknowledge and agree that investing in the Emerging Companies Market is of a special nature and subject to high-level risks. These risks include:

1. Loss of the entire invested capital.
2. Low liquidity.
3. Possibility of long-term investment holding.