

# **Code of Ethics for Capital Markets Authority's Commissioners**

## **Preamble**

Based on the provisions of Law No. (7) of 2010 (the Law) regarding the "Establishment of the Capital Markets Authority and Regulating Securities Activities" and its Executive Bylaws, and the provisions of the Law regarding laying down a code which shall specify the code of ethics and conduct of the Authority's Board of Commissioners; this Code (which shall always be referred to as the "Code of Ethics") was laid down and approved based on the Commissioners Board Resolution No. C.B.C 11-16 of 2012 to define the codes of ethics and conduct that every commissioner in the Authority, as soon as he is appointed as a commissioner by an Amiri Decree issued in this regard, shall follow while working at the Authority and adopt in the course of conducting his job duties, and also based on the Commissioners Board Resolution No. C.B.C 5-22 of 2014 passed in its meeting on 22/10/2014 regarding amending the Code of Ethics and including in it an explanation of the concept of direct and indirect interest; the Code has been approved after this amendment to be as follows:

## **First- Definitions**

<b>Authority's Law or Law:</b>	Law No. (7) of 2010 regarding the Establishment of the Capital Markets Authority (CMA) and Regulating Securities Activities and any amendments thereto.
<b>Executive Bylaws:</b>	the Executive Bylaws of the Authority's Law and their amendments.
<b>Authority:</b>	the Capital Markets Authority, established pursuant to Law No. (7) of 2010.
<b>Board of Commissioners or the Authority's Board:</b>	the Board which manages the Authority and constitutes of five commissioners, pursuant to the

	Authority's Law, and appointed by an Amiri Decree.
<b>Commissioner:</b>	a natural Kuwaiti individual appointed as a commissioner in the Authority pursuant to an Amiri Decree, and is one of the Board of Commissioners' members.
<b>The Amiri Decree of Establishing the Authority's Board:</b>	the Amiri Decree issued to appoint the commissioners; members of the Authority's Board.
<b>The Amiri Decree of Salaries and Remunerations:</b>	the Amiri Decree issued to define the salaries and remunerations of the commissioners, as well as any allowances or benefits paid from the Authority's funds.
<b>Code of Ethics:</b>	the code of ethics and conduct of the commissioners laid down by the Authority, pursuant to the Authority's Law.

## **Second – General Principles**

1. The Commissioner shall consider the public interest, the economic interests of the State of Kuwait, the interest of the protection and stability of the securities' activity in Kuwait, and the Authority's interest to be as his essential interests when making decisions related to his work duties in the Authority. The commissioner shall use his competences and expertise in the best way possible in order to achieve these interests within the framework of his duties in the Authority.
2. The commissioner, when conducting his tasks and duties as stipulated in the Authority's Law, shall avoid personal interests and goals by

abiding by neutrality, objectivity, transparency, integrity, credibility, and cautiousness.

3. The commissioner, when conducting his duties at the Authority, shall carefully observe the Authority's Law and the Executive Bylaws, and all the rules, regulations, and resolutions issued by the Authority.
4. The commissioner, within the framework of the Authority's Law, shall consistently maintain the Authority's independency away from any external influence regarding his work or the Authority's work.
5. The commissioner, by virtue of his leading position at the Authority, shall set a role model to the entire employees of the Authority by maintaining full credibility when performing his work duties and adopting the appropriate professional and personal conduct.

### **Third- Integrity and Dedication**

1. The commissioner shall not use his position, or the information or data obtained during his work at the Authority to achieve personal interests or goals either for himself, or for others.
2. The commissioner, during his work at the Authority, shall abide by the following:
  - a. Completely abandon and stop practicing any form of commercial business on behalf of himself, or as an agent or guardian or trustee.
  - b. Fully abandon any position and resign from any job or other work at any entity regardless of the job's type or content or title, whether in the public or private sector.
  - c. Abstain from providing any services or advice, whether directly or indirectly.
  - d. Abstain from participating in any Board of Directors in any entity, whether inside or outside Kuwait.

3. The commissioner, throughout his tenure with the Authority, shall fully abstain from accepting any gifts, presents, remunerations, benefits, or services from any entity that is subject to the Authority's supervision, which are not considered as part of regular hospitality.
4. The commissioner shall abstain from obtaining any benefits to himself, or his minor children who are under his custody when dealing with banks or financial institutions, or any licensed person when receiving a loan or finance.
5. The commissioner, during his tenure with the Authority, shall abstain from appointing any of his relatives, until the second degree relatives, at the Authority, or assign them to occupy any kind of work in it, or mediate for them or any other person to work at any other entity which is subject to the Authority's supervision.
6. The commissioner, after the end of his tenure with the Authority, shall maintain proper ethics and conduct as is befitting to his previous position at the Authority.
7. The commissioner shall report any crime he is made aware of while working at the Authority.

#### **Fourth – Transparency**

1. The commissioner shall maintain integrity and transparency and consult, before making any decision and whenever possible, the rest of the concerned commissioners within the framework of the Board of Commissioners regarding the raised issue.
2. The commissioner shall consistently seek compliance with the principles of justice, fairness, and equality when making the decisions of the Authority's Board of Commissioners, and shall treat the licensed persons who are subject to the Authority's supervision,

as well as the Authority's employees, according to the Law and the Executive Bylaws, in addition to the circulars, resolutions and regulations of the Authority.

3. The commissioner, when holding the Authority's Board of Commissioners meeting or any other meeting related to the work of the Authority, and is on any area under the jurisdiction of the Authority, shall abstain from studying or giving opinion or voting on any topic being introduced if he has any direct or indirect interest in such topic. The interest is considered a direct one if the topic being studied or discussed or voted on has a direct effect on the commissioner, whether this effect achieves benefit or gain, or avoids harm or loss. The interest is considered indirect if the topic being studied or discussed or voted on has a direct effect on the spouse and the assets and branches and brothers and sisters of the commissioner, whether this effect achieves benefit or gain, or avoids harm or loss. The commissioner, whenever he is subject to any of the direct and indirect interest cases, shall disclose this interest at the beginning of the meeting. He shall also abstain from studying or discussing the topic of the interest or the voting, and he shall leave the meeting before the discussion of the topic starts. According to this Item, ownership of shares in public shareholding companies which are granted to the nationals by the government shall not be considered as an interest.

Whenever there is a direct or indirect interest for one or two members of the Board concerning the topic introduced, and all other Board members were present at the meeting, then the one or two members which have the interest shall not discuss the topic and shall leave the meeting. The decision shall be taken by the majority required pursuant to the Authority's Law.

Whenever there is a direct or indirect interest for the majority of the Board members in the same topic, then the Board shall authorize one of the members who has no interest in such topic to make the decision regarding the topic pursuant to Article (4), Item 13 of the Authority's Law and within the framework of the administrative delegation rules.

If all Board members have an interest in the same topic, then the Board shall delegate the authorities of issuing the resolution to another person: head of a sector or a director of a concerned department in the Authority pursuant to Article (4), Item 13 of the Authority's Law and within the framework of the administrative delegation rules.

4. The commissioner, immediately after occupying his position at the Authority, shall submit a written declaration to the Authority regarding all the types of securities listed in the Securities Exchange and owned by himself or his minor children who are under his custody. The commissioner shall abide by disclosing in writing any changes that may occur to the same according to the regulations laid down by the Board of Commissioners.

The Board members shall abstain from dealing in the shares of the companies which are subject to the Authority's supervision throughout the term of their membership in the Board.

5. The commissioner shall maintain complete confidentiality of the information revealed to him by virtue of his position at the Authority, and safeguard the documents and papers related to the Authority's work which he comes across. He shall only disclose them to the authorized persons at the Authority. The commissioner, even after the end of his work at the Authority, may not use any information or data about the Authority that he may have obtained by virtue of his position, unless the Authority's Law or any other law related to disclosure or any order issued by any legal body obliges him to disclose.
6. The commissioner shall abstain from making announcements to the media or disclosing any information regarding any of the Authority's work to any third party, unless it is coordinated with the Chairman of the Board of Commissioners.
7. The commissioner shall abide by disclosing to the Authority any court orders issued against him even if they were not related to the

Authority's work, in particular any final court orders of insolvency or conviction of a crime involving a breach of honor or trust.

8. The commissioner shall immediately disclose to the Authority any reason abstaining him from performing his duties at the Authority in the right manner, especially in case of disability or illness.

### **Fifth – Responsibility and Accountability**

1. The commissioner shall be held responsible in front of the Authority if he intentionally violates any of the obligations or provisions stipulated in this Code or in the Authority's Law.
2. The commissioner shall be held accountable for violating any of his obligations or duties stipulated in this Code or in the Authority's Law in front of the Board of Commissioners which investigates the violation and issues its resolution.
3. The Board of Commissioners shall decide if the violation demands the vacancy of the violating commissioner's position, and issues the decision which states the reason of vacancy, and informs the official bodies of the decision in order to take action according to the related laws and procedures.

### **Sixth – Effectiveness**

The provisions of this Code and its amendments shall be effective from the date of issuing a resolution of approval by the Authority's Board.