

Resolution No. (104) of 2021

Regarding

Amending the Provisions Relating to Registered Employment Positions and Auditors registered with the Authority

Having Perused:

- Law No. (7) of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments; and
- CMA Board of Commissioners Resolution passed in its meeting No. (31) of 2021 held on 08/09/2021;

The Following Was Resolved:

Article (1)

Module Five (Securities Activities and Registered Persons) of the Executive Bylaws of Law No. (7) of 2010 is hereby amended pursuant to Annex (1) attached to this Resolution.

Article (2)

Appendix 8 (Application to Register an Auditor at the Capital Markets Authority) of Module Five of the Executive Bylaws of Law No. (7) of 2010 is hereby amended pursuant to Annex (2) attached to this Resolution.

Article (3)

Appendix 12 (Application to Renew the Registration of an Auditor at the Capital Markets Authority) of Module Five of the Executive Bylaws of Law No. (7) of 2010 is hereby amended pursuant to Annex (3) attached to this Resolution.

Article (4)

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

Prof. Ahmad A. Al-Melhem
Issued on: 13/09/2021

Annex No. (1)

#	Module	Chapter	Article	Item	Amendment Type	Text before Amendment	Text After Amendment
1	Five	Three	3-2-4	-	Amending an Article	<p>If the <u>person is licensed</u> to practice the activity of <u>Investment Advisor</u> And <u>Valuation of Assets</u> or one of these two activities without any other <u>Securities Activities</u>, they shall fulfill the following <u>Registered Employment Positions</u>, as a minimum:</p> <p>1. Four employees shall occupy the position of representative of an Investment Advisor activity and the representative of a <u>Valuation of Assets</u> activity or one of these positions, according to the activity licensed.</p> <p>2. One employee shall occupy the position of a <u>Senior Investment Advisor</u> or <u>Senior Asset Valuator</u>, according to the activity licensed.</p>	<p>If the <u>person is licensed</u> to practice the activity of <u>Investment Advisor</u> and <u>Valuation of Assets</u> or one of these two activities without any other <u>Securities Activities</u>, they shall fulfill the following <u>Registered Employment Positions</u>, as a minimum:</p> <p>1. Four employees shall occupy the position of representative of an Investment Advisor activity and the representative of a <u>Valuation of Assets</u> activity or one of these positions, according to the activity licensed.</p> <p>2. One employee shall occupy the position of a <u>Senior Investment Advisor</u> or <u>Senior Asset Valuator</u>, according to the activity licensed.</p> <p>3. As for the position of <u>Chief Executive Officer</u> and the position of <u>Senior Executive</u>: they shall be exempt from the requirement of experience in a financial or banking institution, if the applicant has acquired at least 10 years of experience in a company whose main activity is in the area of consulting or asset valuation.</p>

2	Five	Three	3-2-13	-	Amending an Article	The Authority may exempt the <u>Licensed Person</u> from the requirements of <u>Registered Positions And Employment Positions</u> stated in Article (3-2-6) and Article (3-2-8) of this Module, or it may impose additional conditions, in accordance with the type of activity to be licensed.	The Authority may exempt the <u>Licensed Person</u> from the requirements of <u>Registered Positions and Employment Positions</u> stated in this Module, or impose additional conditions, in accordance with the type of activity to be licensed.
3	Five	Three	3-4-2	Item (1)	Amending an Article	Without prejudice to the provisions of Decree Law No. 5 of 1981 Regarding the Practice of Auditing, an <u>Auditor</u> who wishes to be registered in the registry referred to in Article (3-4-1) of this Chapter shall meet the following: 1. Registered as Class (A) in the Ministry of Commerce and Industry's register, and have practiced auditing for at least five years from the date of registration in Class (A) in the above-named register.	Without prejudice to the provisions of Decree Law No. 103 of 2019 Regarding the Practice of Auditing, an <u>Auditor</u> who wishes to be registered in the registry referred to in Article (3-4-1) of this Chapter shall meet the following: 1. Registered in the Ministry of Commerce and Industry's <u>register of Auditors who practice the profession</u> , and have been practicing auditing for at least five years <u>from the date of registration in the above-mentioned register</u>

Annex 2

Appendix 8

Application to Register an Auditor at the Capital Markets Authority

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

An Application to register an Auditor at the Capital Markets Authority

List of Contents	
Section 1	Information of the Applicant and Liaison Officer
Section 2	Declarations
Section 3	List of Documents
Annex (A)	Table of Clients and Heads of Review and Audit Teams with the Auditor
Annex (B)	Table of Review and Audit Teams Employees of the Auditor

(1) Information of the Applicant and Liaison Officer	
Information of the Applicant	
Name of Auditor	
Name of Auditor's Office	
Date of registration in the Auditors' Register who practice the profession at the Ministry of Commerce and Industry	
Address of Main Offices	
Telephone No.	
Mobile No.	
Email Address	
Web Address	

Point of Contact	
Name	
Job title	
Phone No.	
Mobile No.	
Fax No.	
Email Address	

NB: No application shall be admitted unless this form is filled in full.

(2) Declarations

An Auditor applying for registration at Capital Markets Authority declares the following:

1	They are registered in the Ministry of Commerce and Industry's register of Auditors who practice the profession, and have practiced auditing for at least five years from the date of registration in the above-mentioned register.	<input type="checkbox"/> Yes
2	The number of employees working in the review and audit teams for the Auditor is not less than 5, provided that all employees of the review and audit teams shall be full-time employees working for the Auditor. An Auditor shall be deemed to be a Professional Employee in the event of performing review and audit functions.	<input type="checkbox"/> Yes
3	The percentage of Professional Employees is not less than third of total of each team that carries out auditing works for a certain Client.	<input type="checkbox"/> Yes
4	Each employee of the review and audit team working for the Auditor holds a bachelor degree in accountancy from Kuwait University or the equivalent from any of the equivalent universities or institutes inside or outside the State of Kuwait, or hold professional qualifications in review and audit.	<input type="checkbox"/> Yes
5	The Professional Employee heads the review and audit team of the Auditor, and applies the International Standard on Quality Control (1) and taking into account the efficiency and capabilities of the work team, as planned in the various audits.	<input type="checkbox"/> Yes
6	The percentage of Kuwaiti employees operating in the review and audit team is not less than 15% when applying for the registration of an Auditor in the Authority's register.	<input type="checkbox"/> Yes
7	The Auditor shall have clear policies and procedures for risk measurement and management, and quality control.	<input type="checkbox"/> Yes
8	The Auditor shall have a clear plan for the training and professional development of the employees and at least thirty hours per year for the members of the review and	<input type="checkbox"/> Yes

	audit team. The auditor shall be committed to implement the training plan throughout the period of registration in the register.	
9	The Auditor has a professional ethical code in place as per the latest international practices, such as the professional ethical code issued by the International Federation of Accountants (IFAC). Each employee in the review and audit team shall sign and adhere to that code.	<input type="checkbox"/> Yes
10	If the Auditor is a partner in an entity licensed for a Securities Activity, the Auditor shall comply with the provisions of Article (3-4-2) of Chapter Three of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments regarding the employees of its review and audit teams.	<input type="checkbox"/> Yes
11	Not to provide any additional services to the Client except for the services which are required in the profession of auditing. They shall be generally prohibited from providing services which would jeopardise their independency and neutrality such as consultation services and internal auditing in the course of carrying out works of review and audit.	<input type="checkbox"/> Yes
12	To review details of his business plan and results of the auditing process with the Client's internal auditing committee, if any, which ensures providing full access to all necessary documents for carrying out the duties of an Auditor.	<input type="checkbox"/> Yes
13	To regularly convene with the Client's Internal Auditing Committee or its representative at the Client's invitation prior to presenting reviewed periodical and annual financial statements to the Board of Directors to render opinion and any recommendation in that regard. He or its representative may convene with the Client's internal auditing committee or its Board of Directors as the need arises. The Client must invite the Auditor in this regard.	<input type="checkbox"/> Yes
14	Not to carry out any auditing works for any Client for a period more than four consecutive years unless such a Client is under liquidation. Said period shall be calculated as of date of registration in the Auditors register of the Authority. He may carry out such works for the same Client after a period of suspension not less than two consecutive financial years.	<input type="checkbox"/> Yes

15	Notify the entity monitoring the Client's management, Board of Directors or shareholders of any matters of material significance, as part of the review and audit function through the Auditor's report, such as the extent to which the Client is able to continue his business.	<input type="checkbox"/> Yes
16	Notify the management body of the Client with any existing or suspected violations of the applicable laws, bylaws, instructions and Articles of Association of the Client, or the competent entity of the Client in accordance with its legal system. In the event of significant and material violations, the Auditor shall also notify the Authority in conjunction with informing the Client's management body or the Board of Directors of the Client of such violations. Moreover, he shall notify the annual ordinary general assembly of the company or the competent entity of the Client in accordance with its legal system.	<input type="checkbox"/> Yes
17	Provide all information and data as requested by the Authority.	<input type="checkbox"/> Yes
18	Notify the Authority immediately after losing any requirement or condition of registration stipulated in Article (3-4) of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments.	<input type="checkbox"/> Yes
19	Not to accept any tasks that may constitute a conflict of interest.	<input type="checkbox"/> Yes
20	Not to accept any tasks that jeopardises the honour of the profession.	<input type="checkbox"/> Yes
21	Notify the Authority immediately upon the issuance of any decision or judgment of any penalty or legal violation by any regulatory body or judicial authority against him.	<input type="checkbox"/> Yes
22	The Auditor registered at the Authority is committed to submit an annual report in June of each year, including the following: 1. A statement of the employees of its review and audit teams. 2. The activity of audit, consulting and other services provided to the Clients mentioned in Article (3-4-1) of Chapter Three of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments. 3. Training activity during the year, indicating the extent of compliance within at least thirty hours per year for review and audit team members.	<input type="checkbox"/> Yes

23	The Auditor and professional employees shall enjoy good reputation and conduct, and shall not have been previously convicted of an offense involving honour, honesty, money laundering, terrorism financing, financial crimes or corruption, unless they have been discharged.	<input type="checkbox"/> Yes
24	Perusal of Law No. 7 of 2010 and its Executive Bylaws and their amendments.	<input type="checkbox"/> Yes
25	To uphold all laws, regulations and instructions organising companies operating under the supervision of the Authority and the profession of auditing in the State of Kuwait.	<input type="checkbox"/> Yes
Signature of the Auditor:		

NB: No application shall be admitted unless this form is filled in full.

(3) List of Documents				
Serial	Document	Attached	Inapplicable	Notes
1	Copy of receipt of fees payment	<input type="checkbox"/>	<input type="checkbox"/>	
2	Copy of the civil ID of the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	
3	Copy of Certificate of registration in the register of Auditors practicing the profession at the Ministry of Commerce & Industry	<input type="checkbox"/>	<input type="checkbox"/>	
4	A list of signatories, signature forms and a certificate of signature.	<input type="checkbox"/>	<input type="checkbox"/>	
5	Auditor's approved organisational structure.	<input type="checkbox"/>	<input type="checkbox"/>	
6	Brief statement of internal regulations and policies and technical systems used by the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	

7	Clear policies and procedures for measuring and managing risk and quality control.	<input type="checkbox"/>	<input type="checkbox"/>	
8	An honour code as per the most recent international practices, such as the professional ethical code issued by the International Federation of Accountants (IFAC), signed by each employee in the auditing team working under the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	
9	A clear plan of professional training and development for employees including at least thirty hours per year for review and audit team members.	<input type="checkbox"/>	<input type="checkbox"/>	
10	A list of Clients that he audit at the time of application, with the head of the audit team for each client. (This document is to be presented in accordance with the table set out in Annex A)	<input type="checkbox"/>	<input type="checkbox"/>	
11	A table showing the names of the employees of the review and audit teams of the Auditor, their nationalities, their academic and professional qualifications, years of practical experience (This document is to be presented in accordance with the table set out in Annex B)	<input type="checkbox"/>	<input type="checkbox"/>	

12	Ratified documents of the academic and professional qualifications of the review and audit teams of the Auditors.	<input type="checkbox"/>	<input type="checkbox"/>	
13	A certificate of To Whom it May Concern issued from Ministry of Commerce & Industry indicating non-existence of any disciplinary penalties against the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	

I, the undersigned, acknowledge that the information in this application (including all declarations, documents and annexes) is complete, accurate and correct. I also acknowledge that I have reviewed the Law No. 7 of 2010 and its Executive Bylaws and their amendments, as well as instructions and resolutions issued by the Authority.

I have knowledge of the Capital Markets Authority's right to take any punitive or disciplinary action against any person who submits incorrect or misleading information or declarations in this application.

Until the issuance of the approval of this application, I undertake to notify the Authority in writing once any change in the information or data submitted pursuant to this application occurs or takes place.

Name of Auditor:	
Signature of the Auditor:	
Date:	

NB: No application shall be admitted unless this form is filled in full.

Annex (A): Client Table and Heads of Review and Audit Team of the Auditor
Document No. 10 from the list of documents in this form is presented according to the following table:

List of Clients and Heads of Review and Audit Team of the Auditor	
Client Name	Name of the Professional Employee head of the review and audit team

Annex (B): Table of Review and Audit Team Employees of the Auditor
Document No. 11 from the list of documents in this form is presented according to the following table:

Professional Employees					
Employee Name	Nationality	Academic Qualification	Major	Professional Qualification	Years of Practical Experience
Non-Professional Employees					
Employee Name	Nationality	Academic Qualification	Major	Professional Qualification (if applicable)	Years of Practical Experience

Annex 3

Appendix 12

Application to Renew the Registration of an Auditor at the Capital Markets Authority

NOTE:

All forms referenced in the “translation” of the Bylaws are for reference purposes only. Forms to be submitted to the Authority are to be in Arabic language only.

An Application to Renew the Registration of an Auditor at the Capital Markets Authority

List of Contents	
Section 1	Information of the Applicant and Liaison Officer
Section 2	Declarations
Section 3	List of Documents
Annex (A)	Table of Clients and Heads of Review and Audit Teams with the Auditor
Annex (B)	Table of Review and Audit Teams Employees of the Auditor

(1) Information of the Applicant and Liaison Officer	
Information of the Applicant	
Name of Auditor	
Name of Auditor's Office	
Registration Number Issued by the Capital Markets Authority	
Date of Registration in the Authority's Register of Auditors	
Date of Issuance of Registration Certificate	
The Expiration Date of the Registration Certificate	
Address of Headquarter	
Telephone No.	
Mobile No.	
Email Address	
Web Address	

Liaison Officer	
Name of Liaison Officer	
Job title	
Telephone No.	

Mobile No.	
Fax No.	
Email Address	

NB: No application shall be admitted unless this form is filled in full.

(2) Declarations		
An Auditor applying for registration at Capital Markets Authority declares the following:		
1	They are registered in the Auditors Register who practice the profession at the Ministry of Commerce & Industry, and performs the functions of auditing for a period of at least five years from the date of registration in the said register.	<input type="checkbox"/> Yes
2	The number of employees working in the review and audit teams for the Auditor is not less than (5), provided that all employees of the review and audit teams shall be full-time employees working for the Auditor. An Auditor shall be deemed to be a Professional Employee in the event of performing review and audit functions.	<input type="checkbox"/> Yes
3	The percentage of Professional Employees is not less than third of total of each team that carries out auditing works for a certain Client.	<input type="checkbox"/> Yes
4	Each employee of the review and audit team working for the Auditor holds a bachelor degree in accountancy from Kuwait University or the equivalent from any of the equivalent universities or institutes inside or outside the State of Kuwait, or hold professional qualifications in review and audit.	<input type="checkbox"/> Yes
5	The Professional Employee heads the review and audit team of the Auditor, and applies the International Standard on Quality Control (1) and taking into account the efficiency and capabilities of the work team, as planned in the various audits.	<input type="checkbox"/> Yes
6	The percentage of Kuwaiti employees operating in the review and audit team is not less than 15% when applying for the registration of an Auditor in the Authority's register.	<input type="checkbox"/> Yes

7	The Auditor shall have clear policies and procedures for risk measurement and management, and quality control.	<input type="checkbox"/> Yes
8	The Auditor shall have a clear plan for the training and professional development of the employees and at least thirty hours per year for the members of the review and audit team. The auditor shall be committed to implement the training plan throughout the period of registration in the register.	<input type="checkbox"/> Yes
9	The Auditor has a professional ethical code in place as per the latest international practices, such as the professional ethical code issued by the International Federation of Accountants (IFAC). Each employee in the review and audit team shall sign and adhere to that code.	<input type="checkbox"/> Yes
10	If the Auditor is a partner in an entity licensed for a Securities Activity, the Auditor shall comply with the provisions of Article (3-4-2) of Chapter Three of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments regarding the employees of its review and audit teams.	<input type="checkbox"/> Yes
11	Not to provide any additional services to the Client except for the services which are required in the profession of auditing. They shall be generally prohibited from providing services which would jeopardise their independency and neutrality such as consultation services and internal auditing in the course of carrying out works of review and audit.	<input type="checkbox"/> Yes
12	To review details of his business plan and results of the auditing process with the Client's internal auditing committee, if any, which ensures providing full access to all necessary documents for carrying out the duties of an Auditor.	<input type="checkbox"/> Yes
13	To regularly convene with the Client's Internal Auditing Committee or its representative at the Client's invitation prior to presenting reviewed periodical and annual financial statements to the Board of Directors to render opinion and any recommendation in that regard. He or its representative may convene with the Client's internal auditing committee or its Board of Directors as the need arises. The Client must invite the Auditor in this regard.	<input type="checkbox"/> Yes

14	Not to carry out any auditing works for any Client for a period more than four consecutive years unless such a Client is under liquidation. Said period shall be calculated as of date of registration in the Auditors register of the Authority. He may carry out such works for the same Client after a period of suspension not less than two consecutive financial years.	<input type="checkbox"/> Yes
15	Notify the entity monitoring the Client's management, Board of Directors or shareholders of any matters of material significance, as part of the review and audit function through the Auditor's report, such as the extent to which the Client is able to continue his business.	<input type="checkbox"/> Yes
16	Notify the management body of the Client with any existing or suspected violations of the applicable laws, bylaws, instructions and Articles of Association of the Client, or the competent entity of the Client in accordance with its legal system. In the event of significant and material violations, the Auditor shall also notify the Authority in conjunction with informing the Client's management body or the Board of Directors of the Client of such violations. Moreover, he shall notify the annual ordinary general assembly of the company or the competent entity of the Client in accordance with its legal system.	<input type="checkbox"/> Yes
17	Provide all information and data as requested by the Authority.	<input type="checkbox"/> Yes
18	Notify the Authority immediately after losing any requirement or condition of registration stipulated in Article (3-4) of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments.	<input type="checkbox"/> Yes
19	Not to accept any tasks that may constitute a conflict of interest.	<input type="checkbox"/> Yes
20	Not to accept any tasks that jeopardises the honour of the profession.	<input type="checkbox"/> Yes
21	Notify the Authority immediately upon the issuance of any decision or judgment of any penalty or legal violation by any regulatory body or judicial authority against him.	<input type="checkbox"/> Yes
22	The Auditor registered at the Authority is committed to submit an annual report in June of each year, including the following: 1. A statement of the employees of its review and audit teams.	<input type="checkbox"/> Yes

	<p>2. The activity of audit, consulting and other services provided to the Clients mentioned in Article (3-4-1) of Chapter Three of Module Five of the Executive Bylaws of Law No. 7 of 2010 and their amendments.</p> <p>3. Training activity during the year, indicating the extent of compliance within at least thirty hours per year for review and audit team members.</p>	
23	The Auditor and Professional Employees shall enjoy good reputation and conduct, and shall not have been previously convicted of an offense involving honour, honesty, money laundering, terrorism financing, financial crimes or corruption, unless they have been discharged.	<input type="checkbox"/> Yes
24	Perusal of Law No. 7 of 2010 and its Executive Bylaws and their amendments.	<input type="checkbox"/> Yes
25	To uphold all laws, regulations and instructions organising companies operating under the supervision of the Authority and the profession of auditing in the State of Kuwait.	<input type="checkbox"/> Yes
Signature of the Auditor:		

NB: No application shall be admitted unless this form is filled in full.

(3) List of Documents				
Serial	Document	Attached	Inapplicable	Notes
1	Copy of receipt of fees payment	<input type="checkbox"/>	<input type="checkbox"/>	
2	A copy of the registration certificate issued by the Capital Markets Authority to the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	
3	Copy of Certificate of registration in the register of Auditors practicing the profession at the Ministry of Commerce & Industry	<input type="checkbox"/>	<input type="checkbox"/>	
4	A certificate of to whom it may concern issued from Ministry of Commerce &	<input type="checkbox"/>	<input type="checkbox"/>	

	Industry indicating non-existence of any disciplinary penalties against the Auditor.			
5	A list of Clients whom he audits at the time of application, with the head of the review and audit team for each Client. (This document is submitted in accordance with the table shown in Annex A)	<input type="checkbox"/>	<input type="checkbox"/>	
6	A schedule showing the names of the employees of the review and audit teams of the Auditor, their nationalities, their academic and professional qualifications, years of practical experience. (This document is submitted in accordance with the table shown in Annex B)	<input type="checkbox"/>	<input type="checkbox"/>	
<p>The following documents shall be submitted in the event of any modification or change to the data submitted by the application for registration in the Register of the Authority. "Not Applicable" shall be selected in the absence of any modification or change:</p>				
7	Auditor's approved organisational structure.	<input type="checkbox"/>	<input type="checkbox"/>	
8	Brief statement of internal regulations and policies and technical systems used by the Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	
9	Clear policies and procedures for measuring	<input type="checkbox"/>	<input type="checkbox"/>	

	and managing risk and quality control.			
10	A list of signatories, signature forms and a certificate of signature.	<input type="checkbox"/>	<input type="checkbox"/>	
11	Code of ethics as per the most recent international practices, such as the professional ethical code issued by the International Federation of Accountants (IFAC), signed by each employee in the review and audit team working under the Auditor	<input type="checkbox"/>	<input type="checkbox"/>	

I, the undersigned, acknowledge that the information in this application (including all declarations, documents and annexes) is complete, accurate and correct. I also acknowledge that I have reviewed the Law No. 7 of 2010 and its Executive Bylaws and their amendments, as well as instructions and resolutions issued by the Authority.

I have knowledge of the Capital Markets Authority's right to take any punitive or disciplinary action against any person who submits incorrect or misleading information or declarations in this application.

Until the issuance of the approval of this application, I undertake to notify the Authority in writing once any change in the information or data submitted pursuant to this application occurs or takes place.

Name of Auditor:	
Signature of the Auditor:	
Date:	

NB: No application shall be admitted unless this form is filled in full.

Annex (A): Client Table and Heads of Review and Audit Team of the Auditor

Document No. 4 from the list of documents in this form is presented according to the following table:

List of Clients and Heads of Review and Audit Team of the Auditor	
Client Name	Name of the Professional Employee head of the review and audit team

Annex (B): Table of Review and Audit Team Employees of the Auditor

Document No. 5 from the list of documents in this form is presented according to the following table:

Professional Employees					
Employee Name	Nationality	Academic Qualification	Major	Professional Qualification	Years of Practical Experience
Non-Professional Employees					
Employee Name	Nationality	Academic Qualification	Major	Professional Qualification (if applicable)	Years of Practical Experience