



بورصة الكويت BOÛRSA KUWAÏT

BOURSA KUWAIT RULEBOOK

Version 2
April 2019

Disclaimer

The English translation is solely for reference purpose only and not legally definitive translation of the original Arabic text.

In the event a different arises regarding the meaning herein, the original Arabic version will prevail as the official authoritative version.

Chapter	Title
Chapter One	General Provisions
1-1	Definitions
1-2	Interpretation
1-3	Language
1-4	Publication and Communication
1-5	Recording of Telephone Conversations
1-6	Applicability of the Rules
1-7	Exchange Powers to Amend
1-8	Binding Effect of the Rules
1-9	Transitional Provisions
Chapter Two	Objectives and Obligations of The Exchange
2-1	Objectives of The Exchange
2-2	Obligations of The Exchange
Chapter Three	Exchange Management
3-1	Powers of The Exchange
3-2	Authority to Suspend the Applicability of the Rules
3-3	Powers of the Board of Directors of The Exchange
3-4	Powers of the Management of The Exchange
3-5	Confidentiality of Information
3-6	Confidentiality of the Information Requests
3-7	Exchange Responsibility
3-8	Indemnification
3-9	Rights and Obligations of Third Parties
3-10	Exchange Disclaimer
Chapter Four	Registered Persons in The Exchange and Service Providers
4-1	General Provisions
4-2	Activities of Registered Persons in The Exchange

- 4-3 Registration Requirements
- 4-4 Registrar
- 4-5 Change of Status
- 4-6 Registration Application
- 4-7 Determination of Registration Application
- 4-8 Duration and Renewal of Registration
- 4-9 Cancellation or Suspension of Registration by The Exchange
- 4-10 Cancellation of Registration of a Registered Persons in The Exchange Upon its Request
- 4-11 Temporary Suspension of Activity
- 4-12 Notification Requirements
- 4-13 Licensed Broker Registration Requirements
- 4-14 Clearing and Settlement Capability
- 4-15 Determination of the Licensed Broker Registration Application
- 4-16 Registration Privileges
- 4-17 Licensed Broker Rights
- 4-18 Licensed Broker Representatives Qualifications
- 4-19 Licensed Broker Representatives Requirements
- 4-20 Registration of a Licensed Broker Procedures
- 4-21 Prohibition of Performing Functions Until Registration
- 4-22 Licensed Broker Representative Obligations
- 4-23 Licensed Broker Representative Registration Fees
- 4-24 Suspension of a Representative by The Exchange
- 4-25 Licensed Broker Continuing Obligations
- 4-26 Transactions by The Licensed Broker for Its Own Account
- 4-27 Cancelling the Licensed Broker Registration upon its Request
- 4-28 Suspension of a Licensed Broker by a Decision of The Exchange
- 4-29 Cancellation of a Licensed Broker Registration
- 4-30 Fees and Charges
- 4-31 Documents Retention
- 4-32 Service Provider Registration Requirements
- 4-33 Determination of a Service Provider Application

- 4-34 Registration Privileges
- 4-35 Service Provider Rights
- 4-36 Service Provider Continuing Obligations
- 4-37 Service Provider Deregistration upon its Request
- 4-38 Suspension of Service Provider Registration by a Decision of The Exchange
- 4-39 Service Provider Deregistration
- 4-40 Fees and Charges
- 4-41 Documents Retention
- 4-42 Market Access
- 4-43 Direct Market Access
- 4-44 Direct Market Access Requirements
- 4-45 Exchange Procedures
- 4-46 Sponsored Market Access
- 4-47 Exchange Procedures
- 4-48 Use of Exchange Systems
- 4-49 Market Maker Registration
- 4-50 Market Maker Deregistration
- 4-51 Market Maker Obligations
- 4-52 Market Maker Obligations' Exemption
- 4-53 Regulatory Requirements
- 4-54 Suspension of the Market Maker Activity
- 4-55 General Controls

Chapter Five

General Duties of Integrity, Fair Dealing and Due Care

- 5-1 General Duties of Integrity, Fair Dealing and Due Care
- 5-2 Cooperation with The Exchange and Other Licensed Brokers
- 5-3 Licensed Broker Records
- 5-4 Confirmation of Transactions
- 5-5 Records of Transactions
- 5-6 Code of Conduct

Chapter Six

Disaster Recovery Rules

- 6-1 Business Continuity Plan and Emergency Contact Information

Chapter Seven

Listing

- 7-1 Listing Securities in The Exchange
- 7-2 Procedures of Listing Securities in The Exchange
- 7-3 Payment of Listing Application Fees
- 7-4 Authority Approval
- 7-5 Membership Agreement
- 7-6 Procedural Requirements Post Approving a Listing Application
- 7-7 Delisting of a Security
- 7-8 Listed Company Obligations
- 7-9 Provisions for the Listing of Funds in The Exchange
- 7-12 Continuous Obligations for Listed Funds

Chapter Eight

Market Segmentation and Index Rules

- 8-1 Market Segmentation
- 8-2 Powers of The Exchange with Respect to Market Segmentation
- 8-3 The Exchange's Calculation Method of Market Requirements
- 8-4 Premier Market
- 8-5 List of Qualifying Companies to the Premier Market
- 8-6 Main Market
- 8-7 Auction Market
- 8-8 Market Sectors Classification
- 8-9 Boursa Kuwait Indices
- 8-10 Index Calculation Methodology
- 8-11 Index Prices
- 8-12 Index Currency
- 8-13 Minimum Transaction Value to Calculate the Index
- 8-14 Historical and Reference Prices
- 8-15 Impact of Corporate Actions on Indices

8-16 Entering and Amending Index Data

Chapter Nine

System Trading Rules

- 9-1 Operating the Trading System
- 9-2 Responsibility
- 9-3 Trading Operations Sector Responsibility
- 9-4 Access to the Licensed Broker Trading Room
- 9-5 Trading Hours, Sessions and Days
- 9-6 Trading Currency
- 9-7 Investment Account (Trader ID)
- 9-8 Suspension of Trading Operations
- 9-9 Trading Through the System
- 9-10 Order Types
- 9-11 Required Information When Entering Orders in the Trading System
- 9-12 Price Limits and Tick Sizes
- 9-13 Order Validity
- 9-14 Order Visibility
- 9-15 Modification and Cancellation of Outstanding Orders
- 9-16 Trade Amendments
- 9-17 Trade Cancellation
- 9-18 Provisions for the Premier and Main Markets
- 9-19 Trading Sessions
- 9-20 Calculating Reference Price
- 9-21 Provisions of the Auction Market
- 9-22 Auction Market Trading Sessions
- 9-23 Provisions for Trading Listed Fund Units
- 9-24 Trading Sessions of Listed Fund Units

9-25	Indices
9-26	Circuit Breakers
9-27	Confirmation and Publication
9-28	Corporate Actions
9-29	Transfer of Securities Ownership Reports
9-30	Notifying the Clearing Agency
9-30	Cancellation and Modification of Orders or Transactions
9-31	Short-Selling

Chapter Ten

Cases Exempt from Trading System Rules

10-1	Cases Exempt from Trading System Rules
10-2	Off-Market Trades (Negotiated Trades)
10-3	Sale of a Percentage representing 5% or More of the Stocks of a Listed Company by Public Auction
10-4	Transfer of Ownership with the Approval of the Exchange
10-5	Transfer of Ownership without the Approval of The Exchange
10-6	Sale or Ownership of Pledged Securities upon Default of the Debtor
10-7	Swap Transactions
10-8	Tender Offer for shares not less than 5% and not more than 30% of a Listed Company (Tender Offers)

Chapter Eleven

Exchange Members Disciplinary Proceedings

11-1	Authority and Scope of Work
11-2	Right of Defence during Investigation
11-3	Dismissal of Investigation or Referral to the Authority
11-4	Referring the Violator to the Exchange's Violations Committee
11-5	Violations Committee

Chapter One

General Provisions

Article I-I	Definitions
Allocation Consolidation Module	An account dedicated to collecting and executing trading orders for the accounts of the custodian's clients only, and the obligations are allocated to the accounts of the custodian's clients included in this account, according to the broker's instructions after the end of the trading session, and clients' assets and funds may not be held in this account.
Announcements or Disclosures	The announcements or disclosures made by the Listed Company, Insiders or Interested Person in The Exchange.
Auction Market	The market that includes stocks with low Liquidity.
Authority	Capital Markets Authority.
Broker	A corporate entity who purchases and sells Securities for the account of a third party against a commission.
Central Counterparty	An entity that interposes itself between counterparties to contracts, becoming the buyer to every seller and the seller to every buyer.
Central Securities Depository	An entity that provides Securities accounts, central safekeeping services, and asset services, which may include the administration of Corporate Actions, and plays an important role in helping to ensure the integrity of Securities issues (that is, ensuring that Securities are not accidentally or fraudulently created or destroyed, or their details changed).
Clearing Agency	Any entity that conducts settlement and clearing operations of Securities, and one which provides the central custody of Securities, and one which provides other related services.
Client	A Person who is provided, or purported to be provided, services by a Licensed Person within the scope of the Securities Activities which it is licensed to carry out. A client shall include any potential client, it shall also include the endowment (Waqf) and charity will, in addition to Persons to whom a registered Auditor or a registered External Sharia Auditing Office provides its services.
Confirmation Date	The day that precedes the record date by eight days, in which the Corporate Action schedule is confirmed or adjusted by the Listed Company.
Corporate Actions	The procedures taken by a Listed Company, which results into rights, obligations, or a change in its Issued Shares such as the approval of cash dividends, bonus shares, rights issue, capital decrease, merger, split, or change in the Par Value of share.

Crossing Order (Intentional Crossing)	Cross Order: a single order entered through a single broker that includes a Buy order and a Sell order for a security and such orders are identical in quantity and price and are executed immediately.
Cum-Date	The last day on which a Security can be traded encumbered by Corporate Action entitlements and precedes Ex-Date.
Data Service Provider	A third party providing real time and/or historic trading information from Exchange Trading System.
Date of Issuance	The date on which these Rules are in effect.
Direct Market Access	A service offered by Brokers, (with Direct Access to the market) to their licensed clients such as Market Makers, investment portfolio manager or any other Registered Persons in The Exchange that allows those clients to use Trading System directly through electronic communication channels.
Discretionary Portfolio	An omnibus Trading Account for Clients of a Licensed Person to manage investment portfolios, managed by the Licensed Person.
Ex-Date	The first trading day where the Security that is not loaded with stock entitlements (Corporate Actions).
Executive Bylaws	The Executive Regulations of Law No. 7 of 2010 regarding the Establishment of the Capital Markets Authority and the Regulation of Securities Activity and its amendments.
Extraordinary Dividends	Cash Non-periodic, exceptional cash dividends determined by the Issuer, normally from a non-operating source of income.
Firm Manager	A User of the Trading System as the Licensed Broker Representative and has the ability to view all orders entered in this system by the system Users related to the Licensed Broker.
Fund	A Collective Investment Scheme formed to collect money from investors for the purpose of investing it on their behalf in different fields in accordance with professional management principles of Collective Investment and to be managed by a Fund Manager for a specific fee.
Fund Manager	A Person licensed by the Authority to set up and manage Collective Investment Schemes.
Group	A Parent Company that has direct or indirect control of a company, a Subsidiary of a company and a Subsidiary of a Parent Company.
Insider	Any Person, in view of his position, has access to information or data of material effect on a Listed Company that is not available to the public.
Interested Person	A Person with an interest amounting to 5% or more of the share capital of a Listed Company, whether directly or indirectly, or as a group in alliance with others.
Investment Account	A client account or an Omnibus Account designated for the management and maintenance of the client's funds and assets that is used to execute all trades in Securities by debiting and/or crediting the account directly.

Issued Shares	Shares that represent a share in the capital of a public shareholding company and to which the shareholders have subscribed, whether their value is paid in full or in part.
Issuer	A corporate entity entitled to issue Securities.
Law	Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities, and its amendments.
License	License to practice one of the Securities activities issued by the Authority.
Licensed Broker	A Securities Broker who is registered with The Exchange or a qualified Securities Broker registered with The Exchange.
Licensed Broker Representative	A Registered Person in the Authority as the representative of the Licensed Broker authorized by The Exchange under these Rules.
Liquidity	A measurement to the traded value of outstanding shares in the market over a specific period of time.
Listed Company	Means: 1. a shareholding company, the shares of which are listed on The Exchange. 2. an Issuer or Obligor that lists on The Exchange bonds and Sukuk it has issued or is the Obligor thereof. 3. a Fund, the units of which are listed on The Exchange.
Main Market	The market that includes the stocks that have medium Market Capitalization or Liquidity that are lower than those required for the Premier Market.
Market Capitalization	The value of shares outstanding on the market excluding Treasury Shares.
Market Maker	A Person who ensures the availability of supply and demand for one or more Security, according to such controls as may be issued as approved by the Authority.
Market Maker Agreement	The agreement concluded between The Exchange and the Market Maker to determine the details of its rights, its obligations, and the controls of its work.
Market Model	A detailed guide for the Trading System developed by The Exchange without the need of the Authority's Approval.
Market Supervisor (Market Supervision)	One or more administrators authorized by The Exchange to manage the operation of the Trading System.
Matching	The matching of buy and sell orders, resulting in a trade.
Material Information	Any information concerning a Listed Company, Listed Fund, Issuer or Obligor, as the case may be, relating to its activity, a Person, its financial position or its management which is not available to the public and which relates to its assets, liabilities, financial position or general course of business, which may lead to a change in the price or volume of trading in a relevant Listed Security, or affect the willingness or unwillingness to

	acquire or divest an interest in such a Security, or may affect the Issuer's ability to meet its obligations.
Member (s)	Exchange member, namely, the Listed Companies and Funds in The Exchange and Brokers.
Non-Discretionary Portfolio	An omnibus Trading Account for Clients of a Licensed Person to manage investment portfolios, managed upon the Client's orders.
Normal Market Size (NMS)	A percentage of the average daily trading volume used during Circuit Breaker auctions.
Off-Market Trades	Off-Market Trades are those trades requiring that they be preceded by an agreement between a buyer and a seller to execute the transaction on a listed Security in The Exchange at an agreed price and quantity.
Old Rules	The Kuwait Stock Exchange or Boursa Kuwait rules in force prior to the implementation of these Rules.
Omnibus Account	An account containing collective assets and funds belonging to more than one investor, and not containing the funds and assets of the Omnibus Account Operator.
Omnibus Account Operator	A person who opens and registers the Omnibus Account in his name at the Clearing Agency, managing and monitoring the account operations on behalf of investors before any other party. The Omnibus Account Operator is not the beneficial owner of the funds and assets within the Omnibus Account. The Omnibus Account Operator represents all investors in the Omnibus Account in dealing with the Clearing Agency or third parties.
Operating Manual	The User's manual for the "X Stream" workstation or the "FIX" specifications manual for the "X Stream", or any other technical document determined by The Exchange with respect to the Trading System.
Orderbook	The electronic means in the Trading System where orders are entered into the Trading System are compiled, listed and displayed for each Security.
Outstanding Orders	The orders through which the client calls to buy or sell a Security at a specific price, but the order is not executed.
Par Value	The value in which the Listed Company issues the Security without an issuance premium.
Parent Company	A company is a Parent Company of another if it owns more than 50% of its share capital or has the right to appoint or dismiss most of the Members of the Board of Directors or has an influence in directing the company's decisions in a manner that realizes its interests.
Person	A natural or legal Person.
Premier Market	The market that includes the stocks characterized by high Market Capitalization and Liquidity, which meet the requirements set by The Exchange.

Price Return Index	A weighted index that follows the movements of stocks without taking into account cash dividends.
Primary Default Event	A primary default event occurs for a Licensed Person in the following events: 1. in the event of administrative and financial failure of a Licensed Person, including the inability to meet its obligations on maturity, the appointment of a liquidator, receiver, administrator or attachment over its assets; 2. when the Authority imposes a limitation on the Licensed Person prohibiting it from holding Clients' funds.
Private Orderbook	A feature in the Trading System allowing the User to enter non-activated orders and giving him the freedom to transfer or activate the orders in the public Orderbook during Trading Hours.
Real Estate Investment Trusts (REITs)	A close-ended real estate investment fund aiming to invest in real estate to generate income and is listed on The Exchange.
Record Date	The day determined by the Listed Company in which the shareholders registered in the shareholder register at the end of the day will be entitled to Corporate Action.
Reference Price	Is determined by the closing price of the previous day. Reference price may be modified based on Corporate Actions of the Security and by applying Circuit Breakers.
Reference Price for Buy-in	The closing price of the Security on the day of the Buy-in plus a premium determined by these Rules.
Register	The list or record maintained by The Exchange, which includes the data of Registered Persons in The Exchange.
Registered Persons in The Exchange	Any Person who engages in Securities trading on The Exchange, provides services related to The Exchange and is registered as a Persons in The Exchange under these Rules. This involves all the branches and offices of the Registered Persons in The Exchange, including, but not limited to, The Exchange members, Market Maker, Service Providers, the representative of the Licensed Broker, and any other registered Person, based on what is determined by The Exchange from time to time.
Repurchase Agreement	It is a written or electronic agreement for the sale of Securities in The Exchange, where the buyer pays the full price or a proportion thereof with the seller's obligation to repurchase the Securities within a certain period, in accordance with the terms of that agreement and the controls that The Exchange may issue in this regard.
Rules	These Rules and or any amendments, changes, or addition made hereto as approved by the Authority from time to time.
Secondary Default Event	A secondary default event occurs on a financial and administrative failure of a third party to which Clients' Funds controlled by a Licensed Person have been transferred, including inability to meet its obligations on maturity, the appointment of a liquidator, receiver, or administrator or the attachment of its assets.

Secondary Market	The market or markets in which the buying and selling of Securities and the transfer of the Securities ownership are made pursuant to the applicable regulations, systems and laws.
Securities Activity	The following are included within the realm of Securities Activities: 1. Security Exchange. 2. Clearing Agency. 3. Investment Portfolio manager. 4. Collective Investment Scheme manager. 5. Investment Advisor. 6. Subscription Agent. 7. Custodian. 8. Market Maker. 9. Securities Broker registered in the Securities Exchange. 10. Securities Broker not registered in the Securities Exchange. 11. Investment Controller. 12. Credit Rating Agency. 13. Valuation of Assets. 14. Qualified Securities Broker registered with an Exchange. 15. Any other activities which the Authority may specify.
Security	Any instrument – in any legal form - that evidences ownership of a share in a financial transaction and that is negotiable pursuant to a License from the Authority, such as: a. shares issued or proposed to be issued in the capital of a company; b. any instrument that creates or acknowledges a debt issued or to be issued by a company; c. loans, Bonds, Sukuks and other instruments that can be converted shares in the capital of a company; d. all public Debt Instruments that are tradable and issued by the various government entities or public institutions or authorities; e. any right, option or derivatives relating to Securities; f. Units in a Collective Investment Scheme; g. any paper or instrument considered by the Authority as a Security for the purposes of implementing this Law and the Bylaws. Not to be considered as Securities are commercial papers such as cheques, promissory notes, bills of lading, letters of credit, cash transfers and instruments negotiated by banks exclusively between each other, insurance policies and rights arising from retirement funds established for the benefit of the beneficiaries therefrom.
Service Provider	A company that provides the services related to The Exchange, such as online trading and any similar service approved by the Authority and The Exchange.
Shares	Shares issued or to be issued in a company's capital.
Shares Outstanding	Shares listed on The Exchange available for trading. (issued shares minus treasury shares)

Short Selling	Any sale of a security registered in the selling party's name in accordance with the securities lending and borrowing rules.
Sponsored Market Access	The entry of Persons licensed for Market Maker, investment portfolio manager activities, or other Registered Persons in The Exchange, to Trading Systems through linked technical channels under the trading code belonging to guarantor broker.
Subsidiary Company	A company is deemed a Subsidiary when a Person owns more than 50% of its share capital or has effective control over it.
Swap Transactions	Transactions requiring that their implementation be preceded by an agreement between two parties to swap a listed Security in the Exchange with another listed Security.
The Exchange	Boursa Kuwait Securities Company.
The Exchange Website	www.boursakuwait.com.kw , or any other Website as determined by The Exchange from time to time.
Tick Sizes	The price to be determined in accordance with the steps set by The Exchange for each listed Security in The Exchange.
Total Return Index	A weighted index that follows the movements of listed stocks assuming that any cash dividends or Corporate Actions will be reinvested in the index.
Trade	The orders that have been executed and have initiated obligations between the parties.
Trading ID	An identification number assigned to each account created by the Clearing Agency and provided to The Exchange.
Traded Shares	Shares issued by a shareholding company listed on the Exchange.
Trading Day	The day specified by The Exchange, in which trading may be carried out.
Trading Hours	The time set by The Exchange, during which trading may take place on The Exchange.
Trading Operations Sector	The competent sector within The Exchange that monitors the daily trading transactions.
Trading System	Any electronic Trading System for automatic order Matching, or automatic orders Matching and quotations, determined by The Exchange and for trading in The Exchange.
Trading System Platform	A platform provided by The Exchange to input the data into the Trading System.
Treasury Shares	Shares that the company buys, resells, or uses, of its Issued Shares.
Unit	An investment unit is an indivisible Security that represents a share in a Collective Investment Scheme's Assets directly vesting its holders with all rights resulting therefrom. If one unit is owned by more than one owner, they must choose one person amongst them to represent them before the Collective Investment Scheme.

User	The Registered Person Representative with the Authority and The Exchange as a representative of the Licensed Broker to whom a special identifier is created on the Trading System distinguishing him from other representatives.
Violation	Every act in violation of the provisions of the Law, and any Bylaw, regulation, resolution or instruction issued by the Authority. With regards to the provisions of the Violations Committee of an Exchange, a Violation means every act in breach of the rules and regulations applicable at The Exchange.
Violations Committee	The committee appointed by The Exchange's Board of Directors to consider any violation of these rules committed by Members of The Exchange.
Violator (person committing a violation)	Violator is every member of The Exchange that commits an act that constitutes a breach of The Exchange's applicable rules and regulations.
Zero + Uptick Rule	Short Sell orders are entered at a price not less than the last traded price of a security, provided that the last trade was executed at a price higher than the trade before.

- ☺ This article includes a set of terms mentioned in all chapters of the Rulebook. For the purposes of searching for a specific definition, please delete the article from the term to be searched for.
- ☺ The terms mentioned in the definitions are interpreted so that the singular includes the plural; the plural includes the singular, and the feminine includes the masculine as well.

Chapter One

General Provisions

Article I-2	Interpretation
	1. The definitions contained in the Law, the Executive Bylaws and any changes thereto shall apply to these Rules, unless by the context requires otherwise. 2. A reference in these Rules to any provision of the Law or Executive Bylaws is to that provision as so amended. 3. The headings inserted do not affect the interpretation of the Rules. 4. The reference in these Rules to the day, month or year means the working day, month or calendar year, unless the time is stated in the Law or Executive Bylaws otherwise. In times exceeding 30 days, the days shall be calculated according to the normal calendar and shall include vacations and official holidays. If the last day of such time coincides with an official holiday, this time shall be extended to the first working day. 5. The official timing of the State of Kuwait shall apply when referring to the time of the day.
Article I-3	Language
	These Rules are issued in Arabic language and translated into English or any other language. The Arabic version being the approved and the prevailing version.
Article I-4	Publication and Communication
	1. The Exchange shall publish these Rules and any amendments thereto on its Website and through any other means that may be deemed appropriate by The Exchange, and shall be effective from the date of publication, unless the Rules specify another effective date. 2. Without prejudice to the provisions of the preceding section, these Rules, any amendment hereto shall be delivered by hand, mail, fax, e-mail or any other electronic means. 3. Any notification by e-mail or other electronic means shall be deemed to have been sent, from the date the notification exits the information system of The Exchange and a sent report is received by the system. 4. The notification shall be deemed to have been received from the time of delivery. The notification by ordinary mail shall be deemed to have been effectively received after seven days of its deposit at the post office. The notification by fax shall be effectively received from the date and time at which the fax machine prints a report on the status of the sent notification stating that it has been sent and a copy is attached to it. 5. The provisions of sections (1, 2, 3, 4) of this Article shall apply to any notifications, notices or Announcements made by The Exchange.
Article I-5	Recording of Telephone Conversations
	1. The Exchange may record telephone conversations it conducts to carry out its work. Such recordings shall constitute admissible evidence in proving the facts, statements and actions made during such conversations. 2. All disclosures, announcements, applications and communications with The Exchange, as well as papers and documents to be submitted to The

Chapter One

General Provisions

	Exchange, shall be in Arabic language, unless The Exchange approves or obligates any Person to submit it in another language.
Article I-6	Applicability of the Rules
Article I-6-1	These Rules regulate how The Exchange manages The Exchange and regulates the relationship with the Registered Persons in The Exchange.
Article I-6-2	The Exchange shall issue the necessary executive resolutions to implement these Rules.
Article I-6-3	Without prejudice to the Law or Executive Bylaws, The Exchange shall have the right to issue circulars or directives, as well as the right, following the approval of the Authority, to issue explanatory decisions in respect of these Rules.
Article I-6-4	These Rules shall be binding on all those mentioned in these provisions, in particular the Registered Persons in The Exchange. The Exchange shall enter into agreements to regulate the relationship with the Registered Persons in The Exchange. These Rules shall apply in case of conflict with the provisions of these agreements. The provisions of these agreements shall be considered an integral part of these Rules. Any Violation by Registered Persons in The Exchange constitutes a Violation of these Rules.
Article I-6-5	The Exchange may, at its sole discretion, amend the agreements it enters into with the Registered Persons in The Exchange in respect of matters not provided for in these Rules, subject to the approval of the Authority. Such agreements shall also be amended by force of law, if these Rules are amended and included an amendment to these agreements.
Article I-6-6	The Exchange offers its services, deals with its beneficiaries and oversees the services provided by the Registered Persons in The Exchange, in accordance with the principle of equality between those of similar legal status, and who meet the conditions required to benefit from such services, with bearing the burdens and costs involved.
Article I-7	Exchange Powers to Amend
	The Exchange may, subject to the approval of the Authority, amend any provision of these Rules and may exempt any related Person from the provisions of these Rules after the approval of the Authority, in time and manner that realizes the public interest. In case of amendment or exemption as provided for in the previous section, the provisions of these Rules shall continue in full force and effect until such amendment or exemption becomes effective.
Article I-8	Binding Effect of the Rules
Article I-8-1	These Rules are binding to the Registered Persons in The Exchange and the members of its Board of Directors, its staff and subordinates, as well as any Person who enters into an agreement with the Registered Persons in The Exchange to provide its services.

Chapter One

General Provisions

Article 1-8-2	The Registered Persons in The Exchange, and its Board of Directors, its staff and subordinates shall be bound to perform their duties as set forth in these Rules.
Article 1-8-3	The Registered Persons in The Exchange shall be responsible for the actions and its Board of Directors, its staff and its subordinates, and shall take the necessary measures and care to limit the Violation of these Rules.
Article 1-8-4	Any Person Related to these Rules shall be bound by the following: 1. These Rules and any amendments thereto from time to time. 2. Any policies, procedures or circulars issued by The Exchange under these Rules and any amendments thereto from time to time. 3. The executive decisions issued by The Exchange in accordance with these Rules. 4. Announcements, circulars, directives and interpretations issued by The Exchange. 5. Agreements concluded with The Exchange and any amendments thereto as provided for in these Rules.
Article 1-8-5	The Exchange shall assign the functions related to clearing, settlement and central depository of securities to a Clearing Agency. The agreement between The Exchange and the Clearing Agency sets forth the obligations of the parties with respect to these functions. The Exchange shall not be responsible for any obligations of third parties vis-à-vis the Clearing Agency.
Article 1-9	Transitional Provisions
Article 1-9-1	The Listed Company, the Licensed Broker with The Exchange and the Qualified Securities Broker registered with The Exchange are considered Members of The Exchange and shall comply with the registration requirements within one year from the issuance of these Rules.
Article 1-9-2	The Auction Market is suspended until the Exchange implements new regulations or changes the market it is trading in. The rules of the auction market referred to in this rulebook will no longer apply.
Article 1-9-3	Companies currently listed on the Auction Market will be transferred to the Main Market starting on 9 February 2020.
Article 1-9-4	The current Exchange indices shall be cancelled and replaced by new indices for the Premier Market, the Main Market and a general index for these two markets, according to the index's rules.
Article 1-9-5	The issuance of these Rules shall not prejudice the rights and obligations of the Member of The Exchange under any Old Rule, whether such rights and obligations are contained in any agreement, covenant, declaration or any other document unless modified or cancelled by Law, Executive Bylaws or these Rules.

Chapter One

General Provisions

 Article 1-9-6	These Rules shall not prejudice the following: 1. The rights of The Exchange applicable under the Old Rules, unless canceled by Law, Executive Bylaws or Rules. 2. The right of The Exchange to take any action for breaches under the Old Rules discovered after these Rules came into effect. 3. The right of The Exchange to complete the disciplinary measures initiated under the Old Rules. 4. Any obligations, covenants or guarantees given by The Exchange Member in accordance with the Old Rules. 5. In the two cases provided for under points (2 and 3) of this Article, The Exchange may take disciplinary measures as set forth in these Rules.
Article 1-9-7	If The Exchange becomes not competent to consider the disciplinary action in accordance with these Rules or any other rules approved by the Authority, it shall refer the Violation to the competent authority or dismiss it as the case may be.

Chapter Two

Objectives and Obligations of The Exchange

2

Article 2-1	Objectives of The Exchange
	The Exchange shall operate in accordance with the provisions of the Law and the Executive Bylaws, and shall aim, in particular, at the following: 1. Work to protect the dealing in Securities within the scope of its powers. 2. Develop liaison between regional, local, and global markets and organizations to meet with the best practices applied in financial markets. 3. Contribute with the competent authorities in the development of the financial market in a manner that serves the objectives of economic development. 4. Develop systems and methods of dealing in Securities and using modern techniques applied in advanced financial markets. 5. Work to encourage saving, develop investment awareness, protect savers and pave the way for investing money in Securities for the benefit of the economy.
Article 2-2	Obligations of The Exchange
	The Exchange shall do the following: 1. Ensure a fair, transparent and efficient Securities market. 2. Ensure that the management is aware of risks related to its works and operations. 3. Prioritize the reasoned public interest in case of conflict with the interest of The Exchange, its Members, shareholders or management. 4. Undertake to provide and operate its services in accordance with the Rules and Executive Bylaws determined by the Authority. 5. Undertake to organize its operations, standard practices and the conduct of its Members in accordance with the Rules, policies and procedures of The Exchange. 6. Undertake to organize the processes and standards of its Listed Companies and their employees' in accordance with the applicable regulations governing that. 7. Undertake to provide its services according to the latest technologies, applications and automated systems in accordance with international standards adopted by the Authority or those determined by it. 8. Maintain the confidentiality of all information in its possession in respect to its Members, Clients and Issuers, except as required by Law or Executive Bylaws or these Rules to be published or disclosed. The Exchange may disclose such information only to the Authority, or by order of the Authority or by virtue of a judicial order.

Chapter Two

Objectives and Obligations of The Exchange

2

	9. Be committed to the instructions issued by the Authority.
--	--

Chapter Three

Exchange Management

3

Article 3-I	Powers of The Exchange
	Without prejudice to the Law, Executive Bylaws and instructions of the Authority, The Exchange shall have the following powers: 1. Make new rules after obtaining the approval of the Authority. 2. Add to, vary, repeal, waive any of these Rules after obtaining the approval of the Authority. The Exchange may exempt any related Person from some of its provisions if required by the public interest after obtaining the approval of the Authority. 3. Issue the executive resolutions necessary to implement these Rules. 4. Issue the necessary forms to apply and implement these Rules and amend them from time to time after notifying the Authority. 5. Issue and implement the policies, measures and circulars associated with these Rules after approval of the Authority. 6. Interpret the content and objectives of these Rules and any decisions issued to implement them. 7. Request from the Registered Persons in The Exchange, the Clearing Agency, the Central Securities Depository or the Central Counterparty to submit reports, information, documents, letters or records relating to the application and implementation of The Exchange's functions. 8. Grant, suspend and/or waive any of the rights of a Registered Persons in The Exchange within the limits of the Law, the Executive Bylaws and these Rules. 9. Implement any decision issued by The Exchange in accordance with these Rules, and may at any time withdraw, modify or interpret these decisions. 10. Enforce the directions issued by the Authority. 11. Impose fees and charges according to the fees schedule approved by the Authority, and collect fines approved by the Authority in case of delay or default to pay any of these fees, charges or any other amounts due to The Exchange. 12. Audit any Registered Persons in The Exchange at any time within the limits of the application of these Rules. 13. Exercise any powers as may be necessary for the purpose of compliance with the enforcement of these Rules. 14. Take the measures and precautions that The Exchange deems necessary to ensure an orderly and fair market.

Chapter Three

Exchange Management

3

	15. Receive, investigate and take appropriate action regarding complaints related to the performance of Registered Persons in The Exchange or the performance of any of its representatives.
Article 3-2	Authority to Suspend the Applicability of the Rules
Article 3-2-1	In case of emergency, The Exchange may suspend the application of any of these Rules or impose temporary rules after obtaining the approval of the Authority.
Article 3-2-2	Emergency situations shall include, but are not limited to, the following: 1. Situations that may threaten the continuation of work in The Exchange regularly and steadily. 2. Incidents that may prejudice the integrity of transactions in Securities or the efficiency of Listed Companies and Registered Persons in The Exchange. 3. Manipulation or attempt to manipulate any of the Securities transactions. 4. Any internal or external factors that may have a direct negative impact on The Exchange. 5. Situations that may lead to the disruption of The Exchange operations resulting from major incidents such as fire or power failure, as well as system malfunctions. 6. Any other situation that may have an adverse impact on the operations of The Exchange.
Article 3-3	Powers of the Board of Directors of The Exchange
	The Exchange shall be managed by a Board of Directors consisting of a Chairman, a Vice-Chairman to represent him in his absence, and six members to be elected and selected by the General Assembly of the Company after obtaining the approval of the Authority.
Article 3-4	Powers of the Management of The Exchange
Article 3-4-1	The Exchange shall have one Chief Executive Officer or more appointed by the Board of Directors in accordance with the regulations specified by the Authority and after obtaining its approval. The Chief Executive Officer shall be entrusted with managing The Exchange. The Board of Directors shall determine its compensation and powers and shall take all decisions in accordance with the provisions of the Law, Executive Bylaws and these Rules.
Article 3-4-2	The Chief Executive Officer of The Exchange is responsible for its management, taking all executive and operational decisions in accordance with these Rules, and heading its executive management.

Chapter Three

Exchange Management

Article 3-4-3	The Chief Executive Officer of The Exchange may delegate, some of his powers, to any heads of sectors or departments or a committee in The Exchange. The body, to which he has delegated the powers, may authorize the lower authority to exercise the power, if authorized by the Chief Executive Officer to do so.
Article 3-4-4	The mandate shall be issued and canceled by a written decision of the Chief Executive Officer and shall be communicated to the authorized body. The Chief Executive Officer may delegate one of the heads of the sectors or departments to sign.
Article 3-4-5	Committees, directors or Persons delegated by the Chief Executive Officer shall exercise the powers delegated to them in accordance with the mandates issued by the Chief Executive Officer from time to time.
Article 3-5	Confidentiality of Information
	The Exchange is prohibited from disclosing confidential information and data communicated to it within the performance of its powers, duties and functions in accordance with the Law and Executive Bylaws.
	In addition, without prejudice to the Law, Executive Bylaws and directives of the Authority, The Exchange may provide such information to third parties in the following cases: 1. Any of The Exchange subsidiaries, affiliates. 2. The entities that the Law requires to be provided with such information. 3. The entities with whom The Exchange cooperates to realize its objectives. 4. Any market or company licensed to carry out clearing, settlement, deposit and central registration activities pursuant to with agreements entered into by The Exchange with such markets or companies. 5. Any Person for the purposes of verifying the correctness of information that may be related to Registered Persons in The Exchange, if such information is not complete. 6. The competent investigation authorities entitled by law to receive this information 7. The entities with which The Exchange has entered into an agreement or intends to enter into an agreement provided that such entity entered into a non-disclosure agreement. 8. In the case of necessity as determined by The Exchange to enable The Exchange to realize its objectives or perform its obligations, after notifying the Authority.

Article 3-6	Confidentiality of the Information Requests
Article 3-6-1	The Exchange may, for the purposes of carrying out its functions and responsibilities, request the Registered Persons in The Exchange to provide information, data or records at any time. Such information must be correct, complete and not misleading.
Article 3-6-2	The Registered Persons in The Exchange is prohibited from disclosing the confidential information, available to it by virtue of the performance of its functions in The Exchange, without the prior written consent of The Exchange.
Article 3-7	Exchange Responsibility
	The Exchange shall not be responsible or liable to the Registered Persons in The Exchange or to the traders for anything done or omitted to be done in good faith in the performance of its duties. In all cases, The Exchange Personnel or board members shall only be held liable for deliberate or major errors.
Article 3-8	Indemnification
	Each Registered Persons in The Exchange shall indemnify The Exchange, its directors, employees, agents or representatives for any damages of any nature whatsoever suffered or incurred by them directly or indirectly as a result of the following: 1. Failure to comply with registration requirements of Registered Persons in The Exchange or the services provided by such Persons based on such registration. 2. Failure by any Registered Persons in The Exchange to comply with any obligation imposed by Law, Executive Bylaws, and these Rules or by the terms of the agreement signed with The Exchange. The Exchange shall determine the appropriate amount of indemnification and shall notify the Registered Persons in The Exchange of the same. The Registered Persons in The Exchange may object to the amount of the indemnity before the courts.
Article 3-9	Rights and Obligations of Third Parties
	Third party shall not confer any rights as a result of or because of any of the services provided by The Exchange to the Registered Persons in The Exchange.

Article 3-10	Exchange Disclaimer
	Except as otherwise provided in these Rules, The Exchange shall have no liability for the following: 1. Failure of a Registered Persons in The Exchange to comply with these Rules. 2. Any losses incurred by the Registered Persons in The Exchange when using The Exchange services. 3. Failure due to circumstances beyond The Exchange's control. 4. Any Registered Persons in The Exchange who suffers from a Primary Default Event or Secondary Default Event, or if such Person fails to provide the services and tasks assigned to him. The same applies to any Licensed Person with the Authority providing Central Counterparty, Clearing Agency or the Central Securities Depository services or any other Person related to the business of The Exchange. 5. The incorrectness of information that the Registered Persons in The Exchange entered in the Trading System. 6. Suspension or deregistration of any Registered Persons in The Exchange in accordance with these Rules. 7. Suspension or cancellation conducted in the market on any Security. 8. Any inoperability or malfunction of equipment or software provided to a Registered Persons in The Exchange or in respect of its installation, maintenance or removal. 9. The exercise by The Exchange, or any Person or a committee consulted by The Exchange of any decision falling within its competence.

Chapter Four

Registered Person in The Exchange and Service Providers

4

Article 4-1	General Provisions
	Taking into account the provisions of each activity of the Registered Persons in The Exchange, the provisions of this Chapter shall apply to all Registered Persons in The Exchange.
Article 4-2	Activities of the Registered Persons in The Exchange
	Registered Person in The Exchange shall include the following categories: 1. Licensed Broker. 2. Market Maker. 3. Service Provider. 4. Any other Person determined by The Exchange after obtaining the approval of the Authority.
Article 4-3	Registration Requirements
	The Persons mentioned in the previous section shall not performed their activities unless they have completed their registration in The Exchange and paid of the prescribed registration fees. A single Person may apply for registration in more than one category of the Registered Persons in The Exchange.
Article 4-4	Registrar
	1. The Exchange shall maintain a registrar that includes the names of Registered Persons in The Exchange, their representatives and any other Persons designated by The Exchange. 2. This registrar contains details and information of Registered Persons in The Exchange.
Article 4-5	Change of Status
	If a Registered Persons in The Exchange changes its status from one category to another or makes any other changes to its form or information, the Registered Persons in The Exchange must notify The Exchange in the manner The Exchange stipulates and the same shall be registered in the Register.
Article 4-6	Registration Application
Article 4-6-1	The Person wishing to be registered in The Exchange, or its legal representative, shall submit the registration application in the form set forth by The Exchange.
Article 4-6-2	The registration application shall be accompanied by the following information and documents, as the case may be:

Chapter Four

Registered Person in The Exchange and Service Providers

	1. The Applicant's name, address, commercial register number, and issued and paid capital. 2. Type of the registration category that the applicant wishes to be registered in. 3. A copy of the contract (Articles of Association) of the company wishing to register and any amendments thereto. 4. Applications for representatives of the Licensed Broker and the Market Maker, in the form set forth by The Exchange. 5. A declaration by the applicant that the information contained in the application and the documents attached thereto are true and complete in addition to any other declaration requested by The Exchange. 6. Payment receipt of the application fees. 7. Any other information or documents required by The Exchange.
Article 4-6-3	The Exchange may exempt the applicant from certain requirements or impose additional requirements, depending on the type of activity subject to the registration.
Article 4-7	Determination of Registration Application
Article 4-7-1	The Exchange shall examine the registration application and may notify the applicant to provide any additional information or documents. In the event that the applicant fails to submit the required documents and information during the period specified by The Exchange in the notification, without a reasonable excuse from The Exchange, the application shall be deemed as if it was not initiated.
Article 4-7-2	The Exchange shall decide on the registration application within ten days from the date of receipt of the application, all the information and documents required by the applicant are complete.
Article 4-7-3	The Exchange may take any of the following decisions regarding the registration application: 1. Approve registration. 2. Issue a preliminary conditional approval pending the completion of certain procedures or the fulfillment of specific criteria during the period specified by The Exchange. The Exchange may extend such period whenever it deems it necessary. 3. Reject the registration application.

Chapter Four

Registered Person in The Exchange and Service Providers

4

Article 4-7-4	The Exchange shall notify the applicant for registration of its decision regarding this application, and in case of rejection, the decision shall be justified.
Article 4-8	Duration and Renewal of Registration
	The registration shall be valid for a period of three years from the date of it is approved. The registration may be renewed for a similar period or periods upon a request of the Registered Persons in The Exchange as follows: 1. The renewal of the registration application shall be submitted three months before the expiry of the registration period in accordance with the registration renewal application form designated for this purpose by The Exchange. The application shall be accompanied by all the documents and information shown in this form, with the payment of the prescribed fees. 2. The Exchange may notify the applicant, at any time after receipt of the request for renewal of the registration, that any additional information or documents must be provided. In the event that the applicant fails to submit the documents and information during the period specified by The Exchange in the notification, without a reasonable excuse from The Exchange, the application shall be deemed as if it was not initiated. 3. The Exchange shall decide on the application for renewing the registration within ten days from the date of receipt of this application, provided that all information and documents are complete. 4. The Exchange may reject to renew the registration for any of its categories if the Registered Persons in The Exchange does not meet the registration continuing obligations. 5. The Exchange shall notify the Registered Persons in The Exchange of its decision regarding the application for renewal of the registration. In case of rejection, the decision shall be justified.
Article 4-9	Cancellation or Suspension of Registration by The Exchange
Article 4-9-1	The Exchange shall suspend or cancel the registration of the Registered Persons in The Exchange if the Authority cancels or suspends the License of the Securities Activity issued in respect of the activity registered therein. The Exchange may take the decision to suspend or cancel the registration, if any of the following events occur: 1. Failure to meet the continuing registration obligations and the application criteria set forth under the Law, Executive Bylaws or these Rules. 2. The Registered Persons in The Exchange faces on of the events that result in the suspension or cancellation of registration under these Rules.

Chapter Four

Registered Person in The Exchange and Service Providers

Article 4-9-2	The Exchange shall issue a justified decision to suspend or cancel the registration of the Registered Persons in The Exchange. This decision shall be effective from the date of its publication on the Website of The Exchange or its notification.
Article 4-9-3	The cancellation or suspension of registration shall not preclude The Exchange from conducting any investigation or disciplinary action against the Registered Persons in The Exchange or any other Person in respect of any violation that may have occurred prior to the date of The Exchange's decision to cancel or suspend the registration.
Article 4-10	Cancellation of Registration of a Registered Persons in The Exchange Upon its Request
	The Registered Persons in The Exchange may apply to cancel the registration of some or all of the Securities activities registered therein as follows: 1. A Registered Persons in The Exchange shall submit an application to cancel the registration in accordance with the approved form of The Exchange, provided that all documents and information required by The Exchange shall be attached to the application and that the documents shall include a proof of the payment of the prescribed fees. 2. The Exchange shall notify the applicant to provide any additional documents or information if it deems necessary. If the applicant fails to submit the required documents and information during the period specified by The Exchange in the notification, without a reasonable excuse from The Exchange, the application shall be deemed as if it is not initiated. 3. The Exchange shall decide on the cancellation of the registration within ten days from the date of receipt of this application, which shall satisfy all information and documents. The Exchange shall notify the applicant of the cancellation of the registration by its decision regarding this application. In case of rejection, the decision shall be justified.
Article 4-11	Temporary Suspension of Activity
	In case the Registered Persons in The Exchange wishes to temporarily suspend the practice of Securities Activity, it shall notify The Exchange of the suspension date and the reasons for its decision, at least three months before the effective date of such suspension.
Article 4-12	Notification Requirements
	The Registered Persons in The Exchange shall notify The Exchange as soon as the following matters occur: 1. Make any change the name under which it carries on trading name, address of the headquarters or the place of business where the

Chapter Four

Registered Person in The Exchange and Service Providers

	correspondence and notifications are directed, or when making any change to the e-mail or fax numbers provided to The Exchange. 2. Commencement of bankruptcy or liquidation of the Registered Persons in The Exchange or the attachment of its funds, or the occurrence of a Primary or Secondary Default Event. 3. Any change in the Material Information provided to The Exchange at the time of registration, including the case when the position of the Chief Executive Officer of the Registered Persons in The Exchange has become vacant or the appointment of a new Chief Executive Officer. 4. Any disciplinary action taken by the Authority against the Registered Persons in The Exchange or any of its representatives or any final judicial decision is rendered in a crime that violates honesty and honor. 5. Cancellation or suspension of the License of the Registered Persons in The Exchange by the Authority. 6. The representative of the Licensed Broker ceased to be employed for any reason whatsoever.
	Special Provisions for Some Registered Persons in The Exchange
	Licensed Broker
Article 4-13	Licensed Broker Registration Requirements
	1. License to practice the activity: The Licensed Broker shall have a License from the Authority to engage in Securities Activity as a Broker registered in The Exchange or a qualified Securities Broker registered in The Exchange. 2. Financial Solvency requirements: The Licensed Broker shall continuously have the minimum paid-up capital or other solvency requirements specified by the Authority. 3. Risk Management: The Licensed Broker shall continuously have regulatory policies and procedures for risk management control systems, and shall undertake to: a. Control credit risks arising from the acceptance of all orders daily. b. Maintain an alert system within its automated and technical systems for errors in data entry in terms of quantities, prices and other data. c. Ensure sufficient Liquidity to meet clearing and settlement obligations. 4. Maintain automated control systems, especially in cases where the Licensed Broker is exposed to any risks of breach of capital or solvency requirements and has the ability to impose restrictions on its trading activities to limit exposure to such risks.

Chapter Four

Registered Person in The Exchange and Service Providers

Article 4-14	Clearing and Settlement Capability
	The Licensed Broker shall always have sufficient systems, policies and procedures with respect to clearing and settlement transactions.
Article 4-15	Determination of the Licensed Broker Registration Application
	The Exchange may refuse the application to register or renew the registration of the Licensed Broker, including, but not limited to, the following cases: 1. If the Licensed Broker does not provide the information and data necessary to decide on the application or if such information and data are incorrect, not factual or misleading. 2. If the applicant is subject to the investigation or proceedings for serious allegations of fraud or dishonestly inside or outside the State of Kuwait. 3. If the acceptance of the registration application is not in the interest of an orderly and fair market. 4. If it appears to The Exchange that the good reputation, conduct and professionalism of the Licensed Broker or any of its directors is affected. 5. If The Exchange is of the opinion that the acceptance of the registration application will affect the optimal use of The Exchange facilities, taking into account risk management processes and any other considerations. 6. If The Exchange finds that the Licensed Broker does not have the ability to comply with these Rules. 7. If The Exchange is of the opinion that the Licensed Broker is not qualified because of solvency or sufficient experience.
Article 4-16	Registration Privileges
Article 4-16-1	The rights and obligations of the Licensed Broker shall be determined through the provisions of these Rules and agreements concluded with The Exchange in this regard.
Article 4-16-2	The Licensed Broker in The Exchange may not waive its registration to another Person nor shall the Licensed Broker transfer its registration in The Exchange to any other Person, without the consent of The Exchange, or waive any right or obligation decided under these Rules or Agreements without the prior consent of The Exchange.
Article 4-17	Licensed Broker Rights
Article 4-17-1	Upon accepting the registration of the Licensed Broker, the Licensed Broker shall be entitled to the following: 1. Access to the Trading Systems and use of the services provided by The Exchange in accordance with the provisions of these Rules.

Chapter Four

Registered Person in The Exchange and Service Providers

	2. Describe itself as a Licensed Broker registered in The Exchange.
Article 4-17-2	The Licensed Broker shall cease to benefit from the services provided and managed by The Exchange in the following cases: - If its registration as a Licensed Broker in The Exchange is suspended or cancelled. - If no longer holds a License from the Authority or has had License suspended. - Defaults in payment or delivery of obligations to the Clearing Agency as a result of dealing in The Exchange as specified by the Clearing Agency.
Article 4-18	Licensed Broker Representatives Qualifications
	A Licensed Broker shall appoint a representative for the purposes of conducting transactions on its behalf in The Exchange and may appoint one or more assistants to its representatives.
Article 4-19	Licensed Broker Representatives Requirements
	- The Licensed Broker shall register its representatives in the Authority, as well as in The Exchange in accordance with the procedures set out in Article (4-20) of these Rules. - The Exchange shall have the right to reject the registration application provided that the rejection is justified.
Article 4-20	Registration of a Licensed Broker Procedures
	- The Licensed Broker wishing to register a representative shall apply in accordance with the form set forth by The Exchange and shall provide the required documents as specified by The Exchange. - The Exchange shall have the right to reject the registration application of the Licensed Broker Representative, even if he meets the requirements, in the following cases: - If the applicant does not provide the necessary information and data to consider the application as determined by The Exchange. - If incorrect, not factual, or misleading data or information is provided. - If the representative is subject to investigation proceedings relating to serious allegations of fraud or dishonesty. - If it is not in the public interest or interest of an orderly and fair market.
Article 4-21	Prohibition of Performing Functions Until Registration

Chapter Four

Registered Person in The Exchange and Service Providers

4

	No Person may perform the functions of a Licensed Broker representative unless registered in the Authority and The Exchange as such.
Article 4-22	Licensed Broker Representative Obligations
	The Licensed Broker representative, during the registration period, shall comply with the following: 1. Commitment and compliance with the provisions of the Law, the Executive Bylaws and these Rules. 2. Adhere to the practices and standards to ensure an orderly market and fair dealing. 3. Exercise its obligations efficiently and professionally. 4. Exercise its obligations faithfully to the best interest of the client and the Licensed Broker. 5. Comply with the rules of the Clearing Agency. 6. Adhere to the policies, procedures and internal controls applied by the Licensed Broker. 7. Avoid conflict of interest as defined in the Law, Executive Bylaws and these Rules. In all cases, the Licensed Broker representative shall not act as a representative or an agent of more than one Broker at the same time.
Article 4-23	Licensed Broker Representative Registration Fees
	The Licensed Broker shall pay all fees and charges relating to the registration of its representatives in the manner and on the date specified by The Exchange.
Article 4-24	Suspension of a Representative by The Exchange
	Without prejudice to the provisions of Article (42) of the Law, the Violations Committee in The Exchange may suspend the Licensed Broker representative if it breaches these Rules. It may also impose appropriate sanctions on the Licensed Broker.
Article 4-25	Licensed Broker Continuing Obligations
	The Licensed Broker shall, throughout the registration period, continue to meet the following requirements:

Chapter Four

Registered Person in The Exchange and Service Providers

4

	1. Continuously satisfy the registration requirements provided for in these Rules. 2. Adhere to the provisions of the Law, the Executive Bylaws and any amendments thereto. 3. Adhere to the rules of the Clearing Agency and any amendments thereto. 4. Adhere to these Rules and any executive or explanatory decisions, instructions or directives issued by The Exchange, whether addressed to the Licensed Brokers or to all Registered Persons in The Exchange, as well as any obligation resulting from the agreements signed with The Exchange. 5. The obligation to provide any documents, information or data required by The Exchange within the framework of carrying out its functions and the application of these Rules. 6. Adhere to all technological and technical requirements to secure and protect the Trading System managed by The Exchange. 7. Notify The Exchange before any changes to its systems are made, if such changes affect its ability to perform its obligations referred to in these Rules. 8. Obtain the approval of The Exchange before making any changes or updates in the systems directly connected to The Exchange systems. 9. Continuously ensure that it has a sufficient number of employees with adequate knowledge and training to meet the Licensed Broker obligations. 10. Continuously ensure the implementation of all policies and procedures that aim at maintaining the efficiency and integrity of the representatives of the Licensed Broker. 11. Ensure that it has in place adequate policies to ensure the combat against money laundering and financing of terrorism. 12. Provide The Exchange with the IP address of its customers. 13. Provide The Exchange with the contact information of the Licensed Broker Representatives and any changes thereto. 14. Any other requirements that The Exchange deems necessary.
Article 4-26	Transactions performed by the Licensed Broker for its own account
Article 4-26-I	A Licensed Broker may trade listed Securities for his own account provided that such trade does not exceed half its capital and its provisions, as long as the activity is included within its articles of association and provided that the trade is executed through another Licensed Broker, in accordance to the following procedures:

Chapter Four

Registered Person in The Exchange and Service Providers

	1. The Licensed Broker shall apply to obtain the Exchange's approval prior to the transaction using the Exchange's designated application form. 2. The Exchange will decide on the application within a maximum period of ten working days. 3. The Exchange may decide to accept or reject the application. In case of rejection, the decision shall be justified.
Article 4-26-2	In the event a Licensed Broker trades Listed Securities for its own account through an investment portfolio with a Investment Portfolio Manager and managed by the client. The Licensed Broker should therefore comply with the requirements provided for under Article (4-26-1) of these Rules The Licensed Broker shall be exempt from these requirements if the Portfolio is managed by the Investment Portfolio Manager. In all previous events, the Licensed Broker shall notify The Exchange within two days of all transactions that it conducted.
Article 4-26-3	The provisions of Articles (4-26-1) and (4-26-2) of these Rules shall not apply to transactions related to Securities which the Broker undertakes to perform in accordance with these Rules or the Clearing Agency rules.
Article 4-27	Cancelling the Licensed Broker Registration upon its Request
	1. A Licensed Broker may request the deregistration in The Exchange pursuant to the provisions of Article (4-10) of these Rules. 2. The Licensed Broker shall remain committed to the execution and completion of any transactions entered into prior to the effective date of the deregistration, unless The Exchange decides otherwise. 3. The Licensed Broker shall be bound by and remain subject to these Rules until The Exchange approves the cancellation of the registration. The Exchange may decide to restrict or suspend the Licensed Broker operations during the period following the submission of the deregistration request and until such a request is approved.
Article 4-27-1	If The Exchange accepts the application for the deregistration, the Licensed Broker, the Authority and the Clearing Agency shall be notified of this decision and the decision shall be published on The Exchange Website.
Article 4-27-2	The acceptance of The Exchange of the deregistration shall entail the following: 1. Cancel the membership of the Licensed Broker in The Exchange. 2. Suspend the access powers of the Licensed Broker to the Trading System, and the impermissibility of carrying out any transactions on Securities in The Exchange.

Chapter Four

Registered Person in The Exchange and Service Providers

	3. Cancel the unexecuted orders that previously entered by the Licensed Broker or any Person authorized to access the system through him. 4. The Licensed Broker is not permitted to receive any new orders from clients or to attempt to execute any transactions for either its interest or his clients' interest. 5. No other Licensed Broker may deal with the Broker whose registration has been cancelled, unless The Exchange agrees on that. The Licensed Broker shall remain liable for all of its obligations under these Rules until all transactions that it conducted on The Exchange are settled. In this case, the Licensed Broker may not request the refund of any fees, subscriptions or amounts he previously paid to The Exchange.
Article 4-28	Suspension of a Licensed Broker by a Decision of The Exchange
Article 4-28-1	The Exchange may suspend or cancel the registration of the Licensed Broker if one of the following matters is proved to it: 1. Cancellation or suspension of the License to carry out Securities Activity issued by the Authority relating to the activity for which the registration was made. 2. Failure to meet the requirements of the registration continuity and the standards applied under the provisions of the Law or Executive Bylaws or these Rules. 3. In case the Licensed Broker falls within one of the events which results in the suspension or cancellation of the registration under these Rules.
Article 4-28-2	The Exchange shall issue a reasoned decision to suspend or cancel the registration of the Licensed Broker. This decision shall be effective from the date of its publication on the Website of The Exchange or the notification of the Broker.
Article 4-28-3	The cancellation or suspension of the registration does not preclude The Exchange from conducting any investigation or disciplinary action against the Licensed Broker or any other Person in respect of any violation that occurred prior to the date of The Exchange's decision to cancel or suspend the registration.
Article 4-29	Cancellation of a Licensed Broker Registration
	The registration of the Licensed Broker in The Exchange shall be canceled if the Authority decides to cancel the License granted to him for the activity registered therein. The registration shall also be cancelled if the License period has expired without renewal. The Exchange may cancel the registration in any of the following cases:

Chapter Four

Registered Person in The Exchange and Service Providers

	1. In case the Licensed Broker is in the event of a Primary or Secondary Default Event. 2. The Licensed Broker ceased to pay any fees, subscriptions or amounts due to The Exchange. 3. If the Licensed Broker commits a serious error while performing its duties. 4. If it is proved to The Exchange that the registration of the Licensed Broker was made based on incorrect, inaccurate or misleading information.
Article 4-29-1	The Licensed Broker, the Authority and the Clearing Agency shall be notified of the decision of deregistration. This decision shall be published on the Website of The Exchange.
Article 4-29-2	The Licensed Broker shall remain committed to the execution and completion of any transactions entered into before the decision to cancel the registration is effective, unless The Exchange decides otherwise.
Article 4-29-3	The decision to cancel the registration entails the following matters: 1. Cancel the membership of the Licensed Broker in The Exchange. 2. Suspend the powers of the Licensed Broker access to the Trading System, and the impossibility of carrying out any transactions on Securities in The Exchange. 3. Cancel the unexecuted orders that previously entered by the Licensed Broker or any Person authorized to access the system through him. 4. The Licensed Broker is not permitted to receive any new orders from clients or to attempt to execute any transactions for either his interest or its clients' interest. 5. No other Licensed Broker may deal with the Broker whose registration has been cancelled, unless The Exchange agrees on that. The Licensed Broker shall remain liable for all of its obligations under these Rules until all transactions that it conducted on The Exchange are settled. In this case, the Licensed Broker may not request the refund of any fees, subscriptions or amounts its previously paid to The Exchange.
Article 4-29-4	The Licensed Broker shall deliver to The Exchange, immediately upon notification of the decision to cancel the registration, any software, equipment or documents delivered to him by The Exchange based on the acceptance of its registration.
Article 4-30	Fees and Charges

Chapter Four

Registered Person in The Exchange and Service Providers

	1. The Licensed Broker shall pay all fees, charges and subscriptions due to The Exchange, on dates and in the manner specified by The Exchange. 2. The Exchange shall submit a written request for payment to the Licensed Broker who ceased to pay the fees or commissions, if the required amounts are not paid within the period specified in the claim. The Exchange may terminate or suspend his registration if he fails to pay on time or take any action that it deems appropriate and notify the Licensed Broker of it by his e-mail, registered with The Exchange.
Article 4-31	Documents Retention
	The Licensed Broker shall keep the documents and records within the period specified in the Regulations and shall submit such documents and records to The Exchange upon request.
	The Service Provider
Article 4-32	Service Provider Registration Requirements
	The Service Provider must apply for registration at The Exchange before exercising his activity, as described in Article (4-6) of these Rules. The Service Provider must maintain automated control systems, especially where the Service Provider is exposed to any risk to breach the capital adequacy or solvency requirements, in order to impose restrictions on his trading activities to limit such risks.
Article 4-33	Determination of a Service Provider Application
	The Exchange may reject to register or renew the Service Provider registration, including but not limited to, the following cases: 1. If the Service Provider does not provide the information and data necessary to decide on the request, or if such information and data are incorrect, not factual, or misleading. 2. If the applicant is subject to investigation procedures for serious allegations of fraud, or dishonesty inside or outside the State of Kuwait. 3. If the acceptance of the registration application is against interest of an orderly and fair market intersect. 4. If The Exchange becomes aware of what affects the good reputation, conduct and professionalism of the Service Provider or any of its directors. 5. If The Exchange finds that the acceptance of the registration application will affect the optimal use of The Exchange facilities, taking into account risk management processes and any other considerations.

Chapter Four

Registered Person in The Exchange and Service Providers

	6. If The Exchange finds that the Service Provider does not have the ability to comply with these Rules. 7. If The Exchange finds that the Service Provider lacks the competence, financial solvency or sufficient experience.
Article 4-34	Registration Privileges
Article 4-34-1	The rights and obligations of the Service Provider shall be determined through the provisions of these Rules and agreements concluded with The Exchange in this regard.
Article 4-34-2	The Service Provider may not waive its registration to another Person nor shall he waive any rights or obligations under these Rules or agreements concluded with The Exchange without the consent of The Exchange.
Article 4-35	Service Provider Rights
Article 4-35-1	Upon accepting of the Service Provider the registration, the Service Provider is entitled to the following: 1. Obtain Direct Access or Sponsored Access to the market through one of the Licensed Brokers in accordance with the provisions of these Rules. 2. Present itself as a registered Service Provider in The Exchange.
Article 4-35-2	The Service Provider may not enjoy the rights or benefit from the services provided and managed by The Exchange in the following cases: a) If its registration as a licensed Service Provider in The Exchange is suspended or cancelled or the registration of the Licensed Broker who has granted him the Direct Access or Sponsored Access to the market has been suspended or canceled. b) If the License granted to him by the Authority has been suspended or cancelled. c) If it breached its obligations regarding the settlement of its transactions on The Exchange.
Article 4-36	Service Provider Continuing Obligations
	The Service Provider- throughout the registration period - shall continue to meet the following requirements: 1. Continue to maintain the registration requirements provided for in these Rules. 2. Adhere to the provisions of the Law, the Executive Bylaws and any amendments thereto. 3. Adhere to these Rules and any executive or interpretative decisions, instructions or directives issued by The Exchange, whether addressed to

Chapter Four

Registered Person in The Exchange and Service Providers

	Service Providers or to all Registered Persons in The Exchange, as well as any obligation resulting from the agreements signed with The Exchange. 4. The obligation to provide any documents, information or data required by The Exchange within the framework of carrying out its functions and the application of these Rules. 5. Adhere to all technological and technical requirements to secure and protect the Trading System managed by The Exchange. 6. Notify The Exchange before any changes to his regulations are made, if such changes affect his capability to perform his obligations referred to in these Rules. 7. Obtain the approval of The Exchange before making any changes or updates in the systems directly connected to The Exchange systems. 8. Continuously ensure the adequacy of the number of employees who have sufficient experience and provide them with adequate training to meet the obligations of the Licensed Broker. 9. Any other requirements that The Exchange deems necessary.
Article 4-37	Service Provider Deregistration upon its Request
Article 4-37-1	1. The Service Provider may request deregistration in The Exchange in accordance with the provisions of Article (4-10) of these Rules. 2. The Service Provider shall remain committed to the execution and completion of any transactions entered into before the effective date of the deregistration, unless The Exchange decides otherwise. 3. The Service Provider shall remain bound by and subject to these Rules until The Exchange approves the deregistration. The Exchange may decide to restrict or suspend the operations of the Service Providers during the period following the submission of the application for the deregistration and until such a request is decided.
Article 4-37-2	If The Exchange accepts the application for the deregistration, the Service Provider shall be notified of this decision and the decision shall be published on The Exchange Website.
Article 4-37-3	The acceptance of The Exchange to the registration application cancellation shall entail the following: 1. Suspension of the Sponsored or Direct Access authority of the Service Provider to the Trading System; and not to conduct any transactions on Securities in The Exchange.

Chapter Four

Registered Person in The Exchange and Service Providers

	2. Cancellation of the agreement concluded between The Exchange, the Service Provider and the Licensed Broker, if any. The Service Provider shall remain responsible for all its obligations under these Rules until all transactions he conducted in The Exchange are settled. In this case, he may not request the refund of any fees, subscriptions or amounts previously paid to The Exchange.
Article 4-38	Suspension of Service Provider Registration by a Decision of The Exchange
	The Exchange may suspend the registration of the Service Provider temporarily in the following cases: 1. If the License to practice Securities Activity issued by the Authority is suspended. 2. If the Service Provider or any of its representatives violates any of the provisions of these Rules or violates the requirements of registration or any agreement concluded with The Exchange. 3. The Service Provider has stopped or delayed the payment of any fees, subscriptions or amounts due to The Exchange. 4. If it is proved to The Exchange that the registration of the Service Provider was made based on incorrect, inaccurate or misleading information. 5. If the Service Provider commits a serious error while performing its duties. 6. If the Service Provider is in the event of a Primary or Secondary Default Event.
Article 4-38-1	The suspension decision shall be issued for a period not exceeding three days. The Exchange may extend this period once or more. The Exchange may end the suspension at any time immediately after the reasons for the suspension have ceased. The Exchange may cancel the registration of the Service Provider if the reasons for the suspension continue until the expiration of the period specified by The Exchange.
Article 4-38-2	The Service Provider shall be notified of the suspension decision, and this decision shall be published on The Exchange Website.
Article 4-38-3	The suspension of the Service Provider shall result in the following: 1. Suspension of the Sponsored or Direct Access authority of the Service Provider to the Trading System; and he may not conduct any transactions on Securities in The Exchange.

Chapter Four

Registered Person in The Exchange and Service Providers

	2. Cancellation of the agreement between The Exchange, the Service Provider and the Licensed Broker, if any. The Service Provider shall remain responsible for all its obligations under these Rules until all transactions it conducted in The Exchange are settled. In this case, it may not request the refund of any fees, subscriptions or amounts pre-paid to The Exchange.
Article 4-39	Service Provider Deregistration
	The registration of the Service Provider in The Exchange shall be cancelled if the Authority decides to cancel the License granted to it for the activity registered therein. The registration shall also be cancelled if the License period has expired without renewal. The Exchange may cancel the registration in any of the following cases: 1. The Service Provider ceased to pay any fees, subscriptions or amounts due to The Exchange. 2. If the Service Provider makes a serious error while carrying out its duties. 3. If The Exchange finds that the registration of the Service Provider was based on information that is incorrect, inaccurate or misleading. 4. If the Service Provider is in a Primary or Secondary Default Event.
Article 4-39-1	The Service Provider shall be notified of the decision to cancel the registration and the decision shall be published on The Exchange Website.
Article 4-39-2	The Service Provider shall remain committed to the execution and completion of any transactions entered into prior to the cancellation of the registration, unless The Exchange decides otherwise.
Article 4-39-3	The cancellation of the Service Provider registration shall result in the following: 1. Suspension of the Sponsored or Direct Access authorities of the Service Provider to the Trading System; and he may not conduct any transactions on Securities in The Exchange. 2. Cancellation of the agreement concluded between The Exchange, the Service Provider and the Licensed Broker, if any. The Service Provider shall remain responsible for all its obligations under these Rules until all transactions it conducted in The Exchange are settled. In this case, he may not request the refund of any fees, subscriptions or amounts previously paid to The Exchange.
Article 4-39-4	The Service Provider shall deliver to The Exchange, immediately upon notification of the decision to cancel the registration, any software, equipment or documents delivered to him by The Exchange upon the acceptance of its registration.

Chapter Four

Registered Person in The Exchange and Service Providers

Article 4-40	Fees and Charges
	1. The Service Provider shall pay all fees, charges and subscriptions due to The Exchange, on dates and in the manner specified by The Exchange. 2. The Exchange shall submit a written request for payment to the Service Provider who ceased to pay the fees or commissions, if the required amounts are not paid within the period specified in the claim. The Exchange may terminate or suspend its registration if it fails to pay on time or take any action that it deems appropriate and notifies the Service Provider of it by his e-mail, registered at The Exchange.
Article 4-41	Documents Retention
	The Service Provider shall keep the documents and records within the period specified in the Executive Bylaws and shall submit such documents and records to The Exchange upon request.
Article 4-42	Market Access
	1. The Licensed Broker may grant the Service Provider, or any Person approved by The Exchange the Direct or Sponsored Access to the Trading System after obtaining the approval of The Exchange and paying the prescribed fees. 2. Any Direct or Sponsored Access to the market shall be under the control and supervision of The Exchange. 3. Transactions carried out by the Person who is granted the Direct or Sponsored Access in the name of the Licensed Broker who is responsible for such transactions before The Exchange and the Clearing Agency, both legally and financially.
Article 4-43	Direct Market Access
	1. The Licensed Broker may, upon obtaining the approval of The Exchange, enter into an agreement to provide access for its clients to the Trading System in the market directly, and to have The Exchange as a party to the contract between the Licensed Broker and the Service Provider. 2. The Exchange shall develop a model that includes the terms and conditions of the Direct Access Agreement on the market system. This Agreement shall include a condition to ensure that the Service Provider complies with the requirements set forth in the Law, the Executive Bylaws and these Rules. 3. The Person, who is granted Direct Access to the market, shall be liable, before The Exchange and the Clearing Agency, for all its actions and behaviors, on behalf of either itself or its Clients, jointly with the Licensed Broker who granted him access.

Chapter Four

Registered Person in The Exchange and Service Providers

Article 4-44	Direct Market Access Requirements
	When granted or provided Direct Access to the market, the Licensed Broker shall consider the following: 1. Direct Market Access shall be consistent with The Exchange requirements. 2. The Person, who is granted the Direct Access to the market, shall be bound by the Law, Executive Bylaws and by these Rules. 3. The Licensed Broker shall have special mechanisms that enable it to review the orders and ensure that these orders will not affect the mechanism of operation in the market on a regular and fair basis before entering them in the system. 4. The Person, who is granted Direct Access to the market, shall have sufficient knowledge of the manner in which the orders are entered, how they are implemented, the rules of trading, as well as the laws and regulations relating to its work.
Article 4-45	Exchange Procedures
	The Exchange may terminate or suspend the agreement with the Person who is granted Direct Access to the market in the following cases: 1. In case of failure to cooperate with The Exchange regarding any investigation carried out in accordance with these Rules. 2. If the termination or suspension of the agreement is in the interest of the business in the market in terms of its organization, fairness and integrity. 3. If such Person violates the provisions of the Law, Executive Bylaws or Rules, or causes the Licensed Broker to breach its obligations.
Article 4-46	Sponsored Market Access
	1. The Licensed Broker may, after obtaining the approval of The Exchange, enter into an agreement to provide its clients with access to the Trading System in a sponsored manner under its control and sponsorship. The Exchange shall be a party to the contract between the Licensed Broker and the Service Provider. 2. The Exchange shall develop a model that includes the terms and conditions of the Sponsored Access agreement to the market system. This agreement shall include a condition to ensure that the Service Provider complies with the requirements contained in the Law, the Executive Bylaws and these Rules. 3. The Person, who is granted the Sponsored Access to the market, shall be liable, before The Exchange and the Clearing Agency, for all its actions

Chapter Four

Registered Person in The Exchange and Service Providers

	and behaviors, on behalf of itself or his clients, in solidarity with the Licensed Broker who granted him access.
Article 4-47	Exchange Procedures
	The Exchange may terminate or suspend the agreement with the Person who is granted the Sponsored Access to the market in the following cases: 1. In case of failure to cooperate with The Exchange regarding any investigation carried out in accordance with these Rules. 2. If the termination or suspension of the agreement is in the interest of an orderly market and fair dealing. 3. If such Person violates the provisions of the Law, Executive Bylaws or Rules, or causes the Licensed Broker to breach any of its obligations.
Article 4-48	Use of Exchange Systems
	The Licensed Broker or any Person, who is granted Direct or Sponsored Access to the market, shall not participate in or take any action that would prejudice the operation of The Exchange systems.
	Market Maker
Article 4-49	Market Maker Registration
Article 4-49-1	The Market Maker must register at The Exchange to conduct his market making activities on a listed Security or more for a renewable year. A Market Maker may not request a waiver from carrying on market making activities on a Security within the first three months of commencing market making activity on that Security. The application for registration shall be submitted in accordance with the provisions of Article (4-6) of these Rules.
Article 4-49-2	Market Maker registration is subject to licensing by the Authority as per the provisions of the Fifth Module of the Executive Bylaws (Securities Activities and Registered Persons). In case of License cancellation or suspension, the registration will automatically be nulled or voided accordingly.
Article 4-49-3	The Exchange may register the Market Maker to practice its activity on one or more Securities. The Market Marker may not be registered for rights issue.
Article 4-49-4	The Exchange may register more than one Market Maker to conduct market making activities on a Security.
Article 4-49-5	The Market Maker is required to sign the Market Maker Agreement, before the start of his activity, as it will specify their rights, duties and obligations.
Article 4-49-6	The Market Maker can conclude agreements with Brokers or any other party in order to conduct their activity on The Exchange. The Market Maker shall

Chapter Four

Registered Person in The Exchange and Service Providers

	provide The Exchange with a copy of these agreements once they are signed and verified.
Article 4-49-7	The Market Maker shall disclose to The Exchange its registration to practice its activities on the Securities agreed upon by The Exchange. The disclosure must be submitted as per the form designated by The Exchange.
Article 4-49-8	The Exchange will announce the Market Maker registration status as per the previous article after the signing of the Market Maker Agreement by all parties. The Market Maker activities will be effective on the Security starting from the trading session following the announcement.
Article 4-50	Market Maker Deregistration
Article 4-50-1	Without prejudice to the period of three months stipulated in Article (4-49-1), the Market Maker may request The Exchange to deregister as a Market Maker on a certain Security. The Market Maker has the right to specify the effective date of deregistration as long as it is not less than thirty days from submission date. The Exchange may approve the effective date of deregistration proposed by the Market Maker or extend it. The Market Maker may not request to reregister on the same Security for one year from the effective date of deregistration.
Article 4-50-2	The Exchange will issue its resolution on the deregistration request by the Market Maker, provided that its resolution must include the effective date of deregistration. In addition, The Exchange will notify the Authority and market members along with an announcement on its Website.
Article 4-50-3	The Market Maker must continue with its obligations during the deregistration period on the registered Security until the effective date announced by The Exchange.
Article 4-51	Market Maker Obligations
Article 4-51-1	The Securities are allocated into different categories/buckets based on their Liquidity as shown in the Market Maker Agreement. The Market Maker obligations are determined according to the category/bucket which the Security falls in. The Exchange has the right to amend the Market Maker's obligations as per the Liquidity category/bucket shown in the agreement and must notify the Authority and the Market Maker immediately.
Article 4-51-2	The Market Maker must comply with the minimum required percentages of total monthly traded value for trades pursuant to the Market Maker Agreement.
Article 4-51-3	The Market Maker must comply with order entry on the respective Security while adhering to the following:

Chapter Four

Registered Person in The Exchange and Service Providers

	1) The minimum presence requirement, shown in the Market Maker Agreement. 2) Maximum spreads between bids and asks, shown in the Market Maker Agreement. 3) The minimum quote size or value, shown in the Market Maker Agreement.
Article 4-51-4	The Market Maker must maintain the minimum cash balance at all times as shown in the Market Maker Agreement.
Article 4-51-5	The Market Maker must notify The Exchange immediately if he fails to fulfill any of his obligations, regardless of the reasons.
Article 4-51-6	The Market Maker must notify The Exchange if the causes that led the obligations' breach cease to exist.
Article 4-51-7	The Exchange may exempt the Market Maker from any of its obligations specified in the Market Maker Agreement; in case the Market Maker cannot perform such obligations due to causes beyond their control. The Exchange may, after obtaining the Authority's approval, exempt the Market Maker from any of its obligations for the public's best interest.
Article 4-52	Market Maker Obligations' Exemption
Article 4-52-1	Boursa Kuwait may exempt the Market Maker from his obligations on a certain Security in the following ordinary situations: 1) During the opening and closing auction sessions in Boursa Kuwait. 2) During intra-day auctions on a specific Security triggered by the Security exceeding its price limits during the trading session. 3) If a Security has bid orders entered at the upper price limit and no sell orders entered, or if a Security has ask orders entered at the lower price limit without any bid orders entered. 4) Any other cases determined by Boursa Kuwait, in case the Market Maker cannot perform his obligations due to reasons beyond his control or due to others mistake. Boursa Kuwait may, after obtaining the Authority's approval, exempt the Market Maker from his obligations for the public interest.
Article 4-52-2	The Market Maker is exempted from the Market Maker obligations on a certain Security in the following extra-ordinary situations: 1) If the Authority decides to change the price spread between Bid and Ask in extreme volatile market conditions. 2) When the Security is suspended from trading. In all previous cases, the Market Maker should resume his commitment to his obligations at the end of the period in which the exemption occurred. The exemption period will be deducted from the period that the Market Maker is

Chapter Four

Registered Person in The Exchange and Service Providers

	obligated to practice its activity according to these Rules and the Market Maker Agreement.
Article 4-53	Regulatory Requirements
Article 4-53-1	The Market Maker should maintain adequate internal control systems enabling it to practice its activities as a Market Maker as per these Rules and the Market Maker Agreement.
Article 4-53-2	The Market Maker should notify Boursa Kuwait immediately in the case of change in the internal control systems that affect the Market Maker from fulfilling his obligations as per these Rules and the Market Maker Agreement.
Article 4-53-3	Boursa Kuwait has the right to review the internal control systems of the Market Maker and has the right to add additional requirements to the systems.
Article 4-54	Suspension of the Market Maker Activity
Article 4-54-1	The Market Maker will be suspended from practicing Market Maker activities if his License is suspended or cancelled by the Authority.
Article 4-54-2	Boursa Kuwait may - after the approval of the Authority - issue a decision to suspend Market Maker's activities if the Market Maker breaches his obligations repeatedly.
Article 4-54-3	Boursa Kuwait may issue a decision to suspend or restrict the Market Maker's activities on the registered Security, for a certain period in the following cases: 1) Not meeting one or more of the registration requirements. 2) If the Market Maker fails to fulfil the obligations stipulated in these Rules or the Market Maker Agreement. 3) If the Market Maker fails to fulfil the obligations related to the settlement of the transactions conducted in Boursa Kuwait.
Article 4-54-4	Boursa Kuwait will announce its decision of suspension on its website once it is issued by Boursa Kuwait or the Authority.
Article 4-55	General Controls
Article 4-55-1	The Market Maker shall provide Boursa Kuwait with all the required reports, data, information and documents. Boursa Kuwait may request audited reports from the Market Maker. Boursa Kuwait has the right to publish the Market Maker's performance on its Website.
Article 4-55-2	The Market Maker may not short sell a registered Security unless it is covered, prior to the operation, by borrowing the Security through the clearing agency.

Chapter Four

Registered Person in The Exchange and Service Providers

Article 4-55-3	The Market Maker Agreement and agreements made between the Market Maker and broker(s), may include provisions that warrant the Market Maker receiving a rebate on commissions for transactions performed given the fulfillment of their market making obligations.
Article 4-55-4	The Exchange may, after approval of the Authority, amend the rules provided that it notifies the Market Maker once the amendments are approved by the Authority.

Chapter Five

General Duties of Integrity, Fair Dealing and Due Care

5

Article 5-1	General Duties of Integrity, Fair Dealing and Due Care
	The Licensed Broker shall do the following: 1. Comply with the rules and decisions issued by The Exchange. 2. Continue to meet the registration criteria and requirements. 3. Observe the standards of integrity and market conduct and fair dealing. 4. Act with due skill, care and diligence, in the best interest of its clients and the integrity of The Exchange. 5. Ensure that all transactions are executed on The Exchange during the official hours of trading and refrain from transacting Securities trading outside those hours. 6. Not to disclose any confidential information obtained through the exercise of its activity. 7. Carry out transactions as promptly as possible upon receipt of any order and on the best terms available at that time, unless otherwise instructed by its client. 8. Take necessary care to avoid all possible conflicts of interest, or when they cannot be avoided, act in the best interest of its clients and notify all clients of any conflicts that are relevant to those clients that have not been avoided. The Licensed Broker may not: a) Place its own interest before those of its clients where to do so would result in it being unable to meet the reasonable expectations of its clients. b) Refrain from any conduct or behavior that would harm the reputation of The Exchange or its members. c) Not to publish any comments or opinions relating to Securities or their trends in any way, unless it is authorized to do so.
Article 5-2	Cooperation with The Exchange and Other Licensed Brokers
Article 5-2-1	The Licensed Broker or any Person, with whom the Licensed Broker has entered into an Agreement to provide Direct Access to the Market or Sponsored Access to the Market, shall observe due care in order to cooperate with The Exchange, its agents, representatives and all Licensed Brokers in order to achieve the objectives and obligations of The Exchange.
Article 5-2-2	Each Licensed Broker and any Person, who agrees to grant itself Direct Access to The Exchange or the Sponsored Access to The Exchange, shall immediately provide The Exchange with all the information required and allow The Exchange to access all documents, data and information held by it or within the systems in which it operates.

Chapter Five

General Duties of Integrity, Fair Dealing and Due Care

5

Article 5-3	Licensed Broker Records
	1. The Licensed Broker shall retain information and records that are easily retrievable by the approved The Exchange staff. Such data and records must be stored securely, so as not to be damaged. Daily backups of the records shall be made and saved in a separate location from the original records. 2. Transactions must be registered with the Licensed Broker in the manner approved by The Exchange.
Article 5-4	Confirmation of Transactions
	The Licensed Broker shall, by the day following the execution of the transaction, provide its clients by fax, mail or by electronic means with a notification to confirm the transactions executed in favor of such customers, provided that such notification shall contain the following information: 1. Licensed Broker Name. 2. Time of execution, or a statement that the time of execution will be supplied upon request. 3. Execution date. 4. Type of the transaction (i.e. sale or purchase transaction). 5. The fact that the transaction was carried out on The Exchange. 6. The Security and quantity involved in the transaction. 7. The unit price applied and the total connotation in the quotation currency at which the transaction was executed. 8. Whether the Licensed Broker acts as an agent or principal. 9. Commissions, expenses and fees. 10. Settlement amount. 11. Date of the transaction.
Article 5-5	Records of Transactions
	The Licensed Broker shall, upon request, provide The Exchange with all required data, information and statistics or with periodic reports. The Exchange shall have the right to verify the authenticity and accuracy of such data and information in any manner it deems appropriate.
Article 5-6	Code of Conduct
	The Licensed Broker shall maintain a Code of Conduct, including in particular:

Chapter Five

General Duties of Integrity, Fair Dealing and Due Care

5

1. The prohibition that no Personnel of a Licensed Broker staff who possess unpublished sensitive information concerning any Security –shall Trade on the basis of such unpublished information. This prohibition shall not apply to trades by the Licensed Broker in good faith carried out for the account of their clients, provided the aforementioned information is not disclosed to such clients. This prohibition also does not apply to a Licensed Broker performing the activities of a Market Maker.
2. Rules and procedures required to implement the Personal transactions of the Licensed Broker employees.
3. The rules and procedures governing the business relationship with clients, to ensure that the Persons referred to above, in particular where a conflict of interest may arise, always act in the best interests of their clients, and that such Persons do not take advantage of any confidential information.
4. The Licensed Broker must have adequate arrangements in place to ensure that all staff involved in the conduct of business are suitable, adequately trained and properly supervised.
5. The Licensed Broker must supervise and be responsible for the actions of all its representatives, employees and agents.

Chapter Six

Disaster Recovery Rules

6

Article 6-1	Business Continuity Plan and Emergency Contact Information
	Each Licensed Broker shall create And maintain a written business continuity plan identifying procedures relating to an emergency or business disruption. Such procedures must be designed to enable the Licensed Broker to meet its existing obligations to its clients, and such to address the existing relationships with other parties.
Article 6-2	The business continuity plan shall be submitted to The Exchange upon request.
Article 6-3	A Licensed Broker shall update its plan in the event of any material change in its operations or structure, business or location.
Article 6-4	The Licensed Broker must conduct an annual review of the business continuity plan to determine whether any modifications are necessary in light of the changes to the Licensed Broker operations structure, business, or location.
Article 6-5	The elements that comprise a business continuity plan shall be flexible and be tailored to the size and needs of the Licensed Broker. Each plan must at a minimum address the following: 1. Data back-up and recovery (hard copy and electronic); 2. All mission control systems; 3. Financial and operational assessments; 4. Alternate communication between client and the Licensed Broker; 5. Alternate communication between the Licensed Broker and their employees; 6. Alternative physical location for employees; 7. Critical business constituents and its impact on other parties; 8. Regulatory reporting; 9. Communications with regulatory; and 10. How the members will assure clients prompt access to their funds and Securities and measures taken by the Licensed Broker to ensure that the client receives immediate access to the funds and Securities if he is found unable to continue his business.
Article 6-6	The Licensed Broker shall prioritize the elements of the business continuity plan. The Plan shall not contain elements that are not applicable to his activity, indicating the reasons for their non-application. If the Licensed Broker depends, in the execution of any of the acts specified above or any

Chapter Six

Disaster Recovery Rules

6

	of its core business, on another party, this shall be specified in the business continuity plan.
Article 6-7	The Licensed Broker shall designate one of the members of its executive management to be responsible for the Plan and conduct its annual review.
Article 6-8	The Licensed Broker must disclose to its clients how its business continuity plan addresses the possibility of a future business disruption and how the Licensed Broker plans to respond to the events of varying scope. This disclosure shall be made in writing to clients at account opening, posted on the Broker's website, if the Licensed Broker maintains a website and sent to clients upon request.
Article 6-9	The Licensed Broker shall submit a report to The Exchange to identify emergency contact information. The report shall identify the contact information of employees' members of the Licensed Broker as an emergency contact, at least one of whom shall be senior management officer of the Registered Persons in the Authority.
Article 6-10	If the Licensed Broker appoints an employee to contact him in case of emergency and is not among the Registered Persons in the Authority, he must be a senior management officer with sufficient information and experience on the Licensed Broker business.
Article 6-11	A Licensed Broker may appoint another Person who is not of his employees as a contact Person in case of emergency, provided such Person has sufficient experience and knowledge of the Licensed Broker's business, including, but not limited to, law firms, board member, auditor, or clearing agencies.
Article 6-12	The Licensed Broker shall update the contact information in case of emergency through electronic means of communication or any other means specified by The Exchange in case of significant changes.

Chapter Seven

Listing

7

Article 7-1	Listing Securities in The Exchange
Article 7-1-1	The provisions of this chapter shall apply to Listed Issuers, or companies which apply for listing in The Exchange, without prejudice to the provisions of the Twelfth Module of the Executive Bylaws (Listing Rules).
Article 7-1-2	Listed Issuers are bound by the provisions of the Law, the Executive Bylaws and these Rules.
Article 7-1-3	Market Segmentation
	Without prejudice to rule 1-9-3 from the rulebook guidelines, an application to list on The Exchange may be submitted for the Premier or Main Market, while listing on the Auction Market is not permissible. However, The Exchange may transfer the Listed Companies from the Premier Market and the Main Market to the Auction Market in accordance with the criteria set forth under “Chapter Eight” of these Rules. Provided that the funds are listed on a special board separate from other markets.
Article 7-1-4	The company wishing to list in the Premier Market requires the following: 1. The fair value of the shares that are not owned to the controller or the Group controlling the company shall be at least KWD 45 million, and the fair value of the share shall be determined by Asset Valuator or Investment Advisor licensed by the Authority. 2. The number of shareholders of the company shall not be less than four hundred and fifty shareholders, provided each of them holds shares worth not less than KWD 10,000 according to the fair value of the share specified in Item (1) of this Article. 3. The company shall continue to exercise one or more of its main purposes set forth in the company's Articles of Association. The majority of the company revenues shall be derived from such purposes and issued financial statements approved by the general assembly during the last seven full fiscal years, prior to the submission date of the listing application. A shareholding company established as a public shareholding company shall be exempted from the minimum value of the shares owned by each shareholder as set forth in point (2) of this Article and exempted from the requirement in point (3) of this Article.
Article 7-1-5	Companies wishing to list in the Main Market require the following: 4. The fair value of the shares that are not owned to the controller or the Group controlling the company shall be at least KWD 15 million; and the fair value of the share shall be determined by Asset Valuator or Investment Advisor licensed by the Authority.

Chapter Seven

Listing

	1. The number of shareholders of the company shall not be less than four hundred and fifty shareholders, provided each of them holds shares worth not less than KWD 5,000, or the number of shareholders of the company shall not be less than two hundred and twenty five shareholders, provided each shareholder owns shares of not less than KWD 10,000, according to the fair value of the share specified in point (1) of this Article. 2. The company shall continue to exercise one or more of its main purposes set forth in the company's Articles of Association. The majority of the company revenues shall be derived from such purposes, and issued financial statements approved by the general assembly during the last three full fiscal years prior to the submission date of the listing application. A shareholding company established as a public shareholding company shall be exempted from the minimum value of the shares owned by each shareholder as set forth in point (2) of this Article and exempted from the requirement in point (3) of this Article.
Article 7-2	Procedures of Listing Securities in The Exchange
Article 7-2-1	The application for listing shall be submitted using the designated form set by The Exchange along with the documents mentioned in this Chapter The application for listing the Security shall be treated in the following order: 1. The company shall submit the application to The Exchange for its consideration according to the conditions and requirements stipulated in this Chapter. 2. The Exchange shall issue its recommendation to the Authority regarding the request. 3. The application shall be submitted to the Authority by The Exchange, accompanied by its recommendation as stipulated in the Executive Bylaws. 4. The Authority shall issue its final decision with respect to the application. 5. If the listing is approved, the Exchange shall notify the Clearing Agency to temporarily suspend the transfer of ownership processes, until the listing date, except for enforcement of court rulings. 6. The Company shall announce its listing date in two daily newspapers at least five working days prior to the listing date.
Article 7-2-2	The Issuer seeking listing in The Exchange shall appoint a listing advisor to submit the application for listing to The Exchange on the form designated for this purpose. The following documents shall be attached to this application: 1. Basic data on the Issuer to be listed.

Chapter Seven

Listing

7	2. The basic data of the Issuer with a copy of the Articles of Association of the company and any amendment thereto, and a copy of the commercial register and commercial license. 3. A letter from the auditor of the company stating that the company seeking listing complies with point (3) of Article (7-1-4) or point (3) of Article (7-1-5) of these Rules, as the case may be. 4. A copy of the audited financial statements for the last three fiscal years preceding the listing, unless the company was established for a shorter period. 5. A list of names of the members of the Board of Directors, the Chief Executive Officer and the authorized signatories of the company. 6. A list of names of the auditors, Listing Advisor and other advisors. 7. A certified copy of the Ordinary General Assembly resolution approving the listing of the company on The Exchange, provided that the validity of such did not exceed one year. 8. A copy of the minutes of the Ordinary general assembly and the extraordinary general assembly of the company for the last three years, unless the company was established for a shorter period. 9. A copy of the company's shareholders register issued by a Clearing Agency. 10. Proof indicating the appointment of the Listing Advisor. 11. Proof indicating the appointment of a Compliance Officer to follow up on the regulatory bodies' instructions and rules. 12. Names of the major shareholders of the company wishing to be listed. 13. A list of all informed individuals. 14. An undertaking issued by the Board of Directors of the applicant and members of the executive management and those who are informed to comply with the Rules of The Exchange. 15. A certified check to the order of the Authority to pay the application fees for the listing, as well as a proof indicates the payment of the application fees to The Exchange.
Article 7-2-3	The Exchange shall examine the application for listing and may notify the applicant of the need to provide any additional information or documents or meet specific requirements. In the event that the applicant fails to submit the required documents and information during the period specified by The Exchange in the notification, without prejudice, the application will be deemed as if it was not submitted.

Chapter Seven

Listing

Article 7-2-4	The Exchange shall issue its recommendation to the Authority regarding the application for listing Securities within thirty days from the date of receipt of the full application and documentation.
Article 7-2-5	On the occasion of considering the application for listing, The Exchange may do the following: 1. Issue an initial recommendation to approve the listing. 2. Issue an initial conditional recommendation of approval for the company to complete certain procedures or meet specific criteria during the period specified by The Exchange. The Exchange may extend this period whenever it deems it necessary. 3. Issue a recommendation to the Authority rejecting the application for the listing, if the documents or information required to listing are not submitted as required by The Exchange or that the prescribed fees for listing are not paid. The Exchange may notify the applicant of the necessity to meet the requirements, provide the documents, information, or to pay the fees and grant a grace period before issuing its final recommendation to reject the application.
Article 7-2-6	The Exchange shall send its recommendation to the Authority with a copy of the listing application and all documents submitted thereon. This recommendation must be reasoned.
Article 7-3	Authority Approval
Article 7-3-1	In the event the Authority issues its decision with respect to the listing application, The Exchange shall notify the company of the Authority's decision. In this case, the company shall enter into the membership agreement, pay the listing fees specified by The Exchange and comply with the remaining procedural requirements within 30 days as of the approval date. The Exchange shall determine, in coordination with the company, the date on which the issued shares will be traded.
Article 7-4	Payment of Listing Fees
Article 7-4-1	After the Authority approves the listing of the company in The Exchange, the company shall pay the listing fees of The Exchange, subject to the deduction of the fees for submitting and examining the listing application in The Exchange.
Article 7-5	Membership Agreement
Article 7-5-1	The Issuer shall, before the date specified for listing, sign the membership agreement with The Exchange as per with the approved agreement by the Authority. This agreement shall remain in force until the date of the company's delisting from The Exchange for any reason. The Exchange may

Chapter Seven

Listing

	amend this agreement, at its sole discretion, after obtaining the Authority's approval.
Article 7-6	Procedural Requirements Post Approving a Listing Application
Article 7-6-1	After obtaining the Authority's approval for the listing application, The Exchange may request the company to comply with any technical or procedural requirements or to obtain information prior to the actual listing of the Security.
Article 7-7	Delisting of a Security
Article 7-7-1	The Authority may delist a Security in accordance with the provisions set forth in the Executive Bylaws.
Article 7-7-2	The signed membership agreement between the Listed Company and The Exchange expires on the date of delisting in The Exchange.
Article 7-7-3	The Listed Company, after its delisting from The Exchange, shall continue to be responsible for all obligations arising from the listing and, in particular, the payment of the annual fees and subscriptions. The company shall not be entitled to any refund of fees or subscriptions that it has already paid to The Exchange.
Article 7-7-4	The delisting of a company from The Exchange does not preclude The Exchange from conducting any investigation or disciplinary actions against the Listed Company in respect of any breach that occurred prior to the date of delisting.
Article 7-8	Listed Company Obligations
Article 7-8-1	Compliance with disclosure requirements continuously: Each Listed Company shall, at all times, fulfill the disclosure requirements as per the Authority or The Exchange under the Executive Bylaws or these Rules. Disclosure of Information: Without prejudice to any of the obligations imposed on the Listed Company in Module Ten of the Executive Bylaws (Disclosure and Transparency) and Module 12 (Listing Rules) each Listed Company shall disclose within The Exchange the reviewed interim financial statements. As well as the audited annual financial statements in accordance with the forms designated for this purpose by The Exchange. - The company listed in the Premier Market shall disclose, prior to the trading session, the results of the Analyst Conference attaching the presentation shared during the conference and whether or not Material Information was revealed. In the case of Material Information was revealed, such information should be disclosed.

Chapter Seven

Listing

	4. The company must publish the bilingual transcript of the quarterly Analyst Conference on The Exchange Website, within 3 business days after the conference as set forth in item (3) of Article (8-4-2) of these Rules. 5. The companies listed in the Premier Market are obligated to allocate a unit or a department - according to their organizational structure - that is responsible for investor relations, as specified in point (7) of Article No. 8-4-2 of this rulebook, and the listed company is committed to updating its data on The Exchange Website by entering the name of the employee in charge or responsible for the unit or department of investor relations, and any changes made on that data. 6. All Listed Companies shall provide The Exchange with a copy of the minutes of the general assembly's meetings within two weeks from the date of the meeting. 7. All listed companies must submit their financial statements to The Exchange as follows: a. Disclosure of the audited annual financial statements within ninety days of the end of the fiscal year of the company. b. Disclosure of reviewed interim financial statements within forty-five days of the end of the fiscal period. 8. All Listed Companies must disclose in the format and through the systems determined by The Exchange from time to time. 9. All listed companies must take all possible measures not to disclose internal information until they are disclosed in The Exchange. In all events, the Exchange shall announce the Material Information received during the trading hours immediately, and the Exchange shall announce such Material Information received after the trading hours at least 15 minutes before the trading session following the date of receipt of the information.
Article 7-9	Provisions for the listing of Funds in The Exchange
	The provisions of the preceding Articles shall apply to the listing of funds in the Exchange, except for the provisions of Articles (7-1-4), (7-1-5), (7-2-2) and (7-8) of these Rules.
Article 7-10	The funds listed on the Exchange are required to: 1. Commit to and comply with the investment requirements set forth under Appendix (4) of Module Thirteen (Collective Investment Schemes) of the Executive By-laws. 2. The fair value of the total units that are not owned by the controlling party or the controlling group shall be equivalent to at least fifteen million

Chapter Seven

Listing

	Kuwaiti dinars. The fair value of the unit shall be determined by an Asset Valuator or an Investment Advisor authorized by the Authority. 3. The number of Fund unitholders shall not be less than four hundred and fifty unitholders, provided that each of them owns units of not less than KD 2,500, or the number of the Fund unitholders shall not be less than two hundred and twenty-five unitholders, provided each of them owns units of not less than KD 5,000, or the number of the Fund unitholders shall not be less than nine hundred unitholders, provided each of them owns units of not less than KD 1,250, according to the fair value of the share determined pursuant to item (2) of this Article. 4. The Fund Manager shall be committed to the actual investment of the amounts subscribed for the purposes of the Fund, prior to the listing date and shall provide a proof thereof. Otherwise, the approval to list would be considered void.
Article 7-I I	The Fund Manager, intending to list the Fund units on the Exchange, shall appoint a Listing Advisor to submit the Listing Application to the Exchange using the designated form, provided the following documents are attached to the application: 1. A copy of the Fund's Articles of Association and any amendments thereto, copy of the license certificate and prospectus, as well as a statement showing the fund's status in the event of capital increase of the REITs). 2. The original approved annual audited financial statements for the last financial year, prior to submitting the application for listing, as well as the latest audited interim financial statements, if three months from the end of the financial year lapsed. 3. A copy of the Fund's unitholders registrar approved by the Clearing Agency. 4. List of service providers. 5. Undertaking provided by the entity managing the Fund to comply with the applicable laws, regulations and resolutions in The Exchange, and to provide all the data and information required by the Authority and The Exchange. 6. Form and type of the Fund. 7. Name of the Fund. 8. Name and address of the Fund Manager. 9. Duration of the Fund. 10. Fund capital and its payment scheme.

Chapter Seven

Listing

	11. Currency of the Fund. 12. Listing Advisor. 13. A legal opinion from of the Fund's external legal counsel with respect to any lawsuit or f lawsuits that have a substantial effect on the financial position of the Fund, whether filed by or against the Fund, and an estimate of the amounts and details of such lawsuits. 14. A list of names of the Executive Committee of the Fund. 15. A list of the persons authorized to sign for the Fund and the signature forms. 16. A certified check to order of the Authority to pay the fees the listing application fees, as well as a voucher to The Exchange showing that the fees are paid. Traded Real Estate Investment Trusts (REITs) are excluded from Item (2) of this Article, provided a letter from the Fund's auditor shall be submitted confirming that the real estate generates income for a period not less than twelve months prior to submitting the application for listing.
Article 7-12	Continuing Obligations for Listed Funds
	Meeting the disclosure requirements on an ongoing basis: Each listed fund shall –continuously meet the disclosure requirements set forth in the Executive By-laws or these Rules. Disclosure of Information: 1. . The Listed Fund Manager shall publish the basic and financial data and any data relating to the Fund's units, as well as the disclosure of the Material Information as set forth in Module Ten (Disclosure and Transparency), Module Twelve (Listing Rules) and Module Thirteen (Collective Investment Schemes) of the Executive Bylaws. 2. Each listed Fund shall disclose to The Exchange the interim financial statements and the annual audited financials for review using the forms designated by The Exchange. 3. The Exchange shall announce the Material Information received during the trading hours immediately. The Exchange shall announce the Material Information received after the trading hours at least 15 minutes prior to the beginning of the trading session following the date of receipt of the information. 4. All listed funds must provide The Exchange with a copy of the unitholders' General Assemblies minutes of the meetings within 5 days from the date of the Authority's approval on the General Assemblies' resolutions.

Chapter Seven

Listing

7

	5. The listed Fund Manager shall publish information about the Fund on monthly basis to the public through the Exchange within 7 working days from the end of each month, in accordance with the form attached in Annex (5) of Module Thirteen of the Executive By-laws. 6. The Fund Manager shall prepare the interim financial statements for review and submit a copy thereof to The Exchange and the Authority within a maximum period of 15 working days from the end of the fiscal period. 7. The Fund Manager shall prepare the audited annual financial statements and submit a copy thereof to The Exchange and the Authority within a maximum period of 45 days from the end of the Fund's financial year. 8. All listed funds shall disclose using the form and the system as determined by The Exchange from time to time. 9. All listed funds shall take all the possible measures for non-disclosure of internal information until they are disclosed in The Exchange.
Article 7-13	Listing of Rights Issue:
	The Exchange shall list the rights issue to subscribe to shares of the Listed Company's capital increase, starting from the date of the subscription for the rights issue according to the schedule set forth by the company, provided that trading of rights issue is stopped five days before the end of the subscription period for these rights. The Listed Company is obligated to Announce on The Exchange the schedule referred to in the previous paragraph with the announcement of the Authority's approval on the prospectus.
Article 7-14	The listing and continued trading of rights issue of the Listed Company's capital increase requires that the company's shares remain traded on The Exchange throughout the subscription period in the rights issue.
Article 7-15	The Listed Company is committed to disclosing the results of the subscription in the capital increase. The rights issue will be delisted once the company has made such Disclosure.

Chapter Eight

Market Segmentation and Index Rules

8

Article 8-1	Market Segmentation
	The Exchange may segment the market into several markets. Each market shall include a number of Listed Companies according to the requirements set by The Exchange, as follows: • Premier Market. • Main Market. • Auction Market.
Article 8-2	Powers of The Exchange with Respect to Market Segmentation
	The Exchange may, at any time, change the classification of any Listed Company in the Premier Market and list it in another market in accordance with the Rules prescribed in this Chapter, in the case of repeated Violations, especially Violations that result in the suspension of trading of Securities.
Article 8-2-1	Annual Review of Listed Companies
	The Exchange conducts the annual review of the Listed Companies according to the following: 1. The Exchange shall conduct an annual review of all Listed Companies in the various markets of The Exchange (the Premier Market, the Main Market, the Auction Market) in terms of Liquidity, Market Capitalization or any other requirements contained in the Law, Executive Bylaws or these Rules. 2. Listed Companies shall be reclassified after the annual review in accordance with the provisions of this Chapter. 3. Companies that are listed in The Exchange for less than six months prior to the annual review are excluded from the provision of point (1) of this Article, subject to the following annual review. If a full year has not elapsed since the listing of the company, the Liquidity is calculated pro rata to the period in which it is listed.
Article 8-3	The Exchange's Calculation Method of Market Requirements
Article 8-3-1	In terms of Liquidity
	1. Liquidity is calculated by means of the average daily traded value of the Listed Company over the year preceding the annual review period conducted by The Exchange. 2. The minimum Liquidity requirement set by The Exchange to segment the market is the average daily traded value for all Listed Companies over the past two years, each year is calculated separately.
Article 8-3-2	In terms of Market Capitalization

Chapter Eight

Market Segmentation and Index Rules

8

Listed Companies are classified from a Market Capitalization standpoint as shown in the table below:

Company Classification	Minimum	Maximum
Large Market Capitalization	563 Million KD	N/A
Medium Market Capitalization	Greater than 78 Million KD	Less than 563 Million KD
Small Market Capitalization	Greater than 25 Million KD	Less than 78 Million KD
Micro Market Capitalization	N/A	Less than 25 Million KD

The Exchange may - after the approval of the Authority – update this table based on market conditions.

Article 8-4

Premier Market

Article 8-4-1

Qualification Requirements for the Premier Market

1. A Listed Company may qualify to the Premier Market if it fulfills the following requirements: Be listed in The Exchange for a minimum of two years.
2. The Market Capitalization of all the Securities issued by the Listed Company should not be less than the average Market Capitalization indicated in the article (8-3-2), for each of the two years preceding the annual review.
3. The Company must pass or meet the Liquidity requirements determined and declared by The Exchange, for each of the two years preceding the annual review.
4. The company continues to operate for a period of seven consecutive fiscal years.
5. That no disciplinary actions are issued against the company during the two years preceding the time of the annual review related to the suspension of trading of the Securities issued by the company, the suspension or revocation of its license, or the removal of all or some of the members of the board of directors or the CEO.

Chapter Eight

Market Segmentation and Index Rules

	Taking into account the exceptions mentioned in regard to these requirements in Chapter Seven.
Article 8-4-2	Continuing Obligations in the Premier Market
	In order for a company to maintain the Premier Market classification the company is obligated to maintain the following requirements: 1. That the average Market Capitalization of all issued Securities be the specified average Market Capitalization set in article (8-3-2) throughout the year preceding the annual review. 2. The average daily traded value of the Company shall be in accordance with Liquidity requirements set by The Exchange throughout the year preceding the annual review. 3. Hold an analyst conference on quarterly basis within five days after the issuance of interim and annual financial statements. The announcement of the financial statements shall include the date of analyst conference and the presentation prepared for the conference. The Analyst conference transcript shall be disclosed in both Arabic and English within 3 days from date of the conference. 4. Disclose whether or not Material Information was revealed during the Conference. if Material Information was revealed, such information shall be disclosed on The Exchange's website of, no later than 40 minutes prior to the trading session following the conference 5. That no disciplinary actions are issued against the company during the two years preceding the time of the annual review related to the suspension of trading of the Securities issued by the company, the suspension or revocation of its license, or the removal of all or some of the members of the board of directors or the CEO. 6. The obligation to publish Announcements and Disclosures in Arabic and English languages. 7. Companies listed in the Premier market are obligated to allocate a unit or department - according to its organizational structure - that is responsible for the following functions: a. Educating shareholders about the company's activities, financial performance and strategic directions. b. Communicate with the company's shareholders to answer their inquiries and questions. c. Communicate with shareholders to facilitate the exercising their right to attend and vote in general assemblies.

(December 2020)

Chapter Eight

Market Segmentation and Index Rules

	d. Building links between the board of directors and the company's executive management; and current and potential investors and all interested parties. e. Make appropriate recommendations for the development of services provided to investors.
Article 8-4-3	Penalty for breaching the Requirements of the Premier Market (Market Capitalization, Liquidity)
	The Exchange maintains a list called “Continuous Obligations Watchlist” for companies that have not fulfilled the requirement of one or more of the Premier Market continuing obligations relating to Market Capitalization, Liquidity, in accordance with rules 8-3-2 and 8-3-1. If the Exchange observes, during the annual review, that the requirements listed above were not met, the Listed Company will be placed in the “Continuous Obligations Watchlist” for the next 3 consecutive years. If the Exchange observed during the yearly review, that the requirements were not met, the Listed Company will be reclassified in the Market.
Article 8-5	List of Qualifying Companies to the Premier Market
	The Exchange maintains a list called “Qualifying Companies to the Premier Market” relating to Listed Companies on the Exchange, that during the annual review, have completed some of the requirements to list on the Premier Market. The Exchange shall list the companies referred to in the preceding paragraph in the Premier Market once they have fulfilled all the requirements of this market at the time of the next annual review. The Company may request to remain in the Main Market and not qualify for the Premier Market even if it satisfies all the requirements of the Premier Market. The Exchange shall publish the List and any amendments to the Website.
Article 8-6	Main Market
	In order for a Listed Company to qualify for the Main Market- it must meet the Liquidity requirements set by The Exchange. In order to maintain the Main Market classification, the company is required to maintain the level of Liquidity set by The Exchange.
	Breach of Main Market Obligations
	If the required Liquidity level by The Exchange is not met, the company will be reclassified and listed in the Auction Market at the next annual review.

(December 2020)

Market Segmentation and Index Rules

Article 8-8-3

The Exchange Sectors are divided as follows:

	Sector
1	Energy
2	Basic Materials
3	Industrials
4	Consumer Staples
5	Health Care
6	Consumer Discretionary
7	Telecommunications
8	Utilities
9	Banks
10	Insurance
11	Real Estate
12	Financial Services
13	Technology

Article 8-9
Boursa Kuwait Indices

The list of Indices in The Exchange includes Market Indices and Sector Indices, as follows:

Index Name	Base Value
Market Indices	
Premier Market Index	5000
Main Market Index	5000
All-Share Index	5000
Sector Indices	
Energy Index	1000
Basic Materials Index	1000
Industrials Index	1000
Consumer Staples Index	1000
Health Care Index	1000
Consumer Discretionary Index	1000
Telecommunications Index	1000
Utilities Index	1000
Banks Index	1000
Insurance Index	1000
Real Estate Index	1000
Financial Services Index	1000
Technology Index	1000

The Exchange reserves the right to establish new indices upon informing the Capital Markets Authority and publishing the index methodology on its Website.

Article 8-9-1	Listing Securities in Indices
	All Securities listed in The Exchange shall be classified in one of the sectors referred to in Article (8-8-3) of these Rules according to the nature of the Issuer's activity. These Securities can be listed in one or more of the Market Indices as set forth in this Chapter. If a Security is newly listed in The Exchange or a Security has returned to trading after a suspension of ninety days or more, both cases will be listed in the index on the day following the listing in The Exchange or the resumption of trading. Rights issue, investment funds units listed in the Exchange will not be listed in any of the Exchange's indices. The companies listed in the Auction Market are not included in the Market Indices and Sector Indices. The Exchange may, as it deems fit, list or remove any listed Security in The Exchange from one of its Indices.
Article 8-9-2	Information Policy
	The Exchange announces any changes to the content of the Indices, Corporate Actions, and how to calculate these Indices on its Website. The Exchange is committed to announce any change to the methodology in which the indices are calculated, three months prior to the date on which the change takes effect. The Exchange is committed to announce the annual reviews to the constituents of the market Indices on the second Sunday of January, provided these changes are executed on the second Sunday of February. Moreover, The Exchange is committed to announce any change to the constituents of the Indices no later than one day prior to the date this change is effective.
Article 8-9-3	Index Calculation timing
	The Exchange Indices are calculated during the Trading Hours on official working days.
Article 8-10	Index Calculation Methodology
	The Exchange calculates its price return and total return indices based on Market Capitalization Weighted Methodology.

Article 8-10-I	Index Calculation Formula
	The Market Capitalization Weighted Price Return Index: The Market Capitalization Weighted Price Return index is calculated according to the following formula: $\text{Price Return Index Value} = \frac{\sum_{i=1}^n \text{Price}_i \times \text{Quantity}_i}{\text{Index Divisor}}$ $\text{Index Divisor} = \frac{(\sum_{i=1}^n \text{Price}_i \times \text{Quantity}_i)_{t-1}}{\text{Index Value}_{t-1}}$ Price: Current share price Quantity: Number of outstanding shares Index divisor: A mathematical factor that contributes to the stability of the accuracy of the Index by changing its constituents without being affected by the time factor.
	The Weighted Total Return Index: The Market Capitalization weighted Total Return Index is calculated according to the following equation: $\text{Total Return Index}_t = \text{Total Return Index}_{t-1} \times \frac{(\text{Price Return Index}_t + \text{Index Dividend Points}_t)}{\text{Price Return Index}_{t-1}}$ $\text{Index Dividend Points}_t = \frac{\text{Index Dividend Market Value}_t}{\text{Price Return Index Divisor}_t}$ $\text{Index Dividend Market Value}_t = \sum_{i=1}^n \text{Dividend Rate}_i \times \text{Quantity}_i$ t = today or Ex-Date t-1 = Previous day Dividend rate is a Fils per share
Article 8-11	Index Prices
	The Exchange calculates and publishes Indices prices immediately and updates them based on market trades. It also uses the official closing price to calculate the Market Capitalization Weighted Indices of Boursa Kuwait at the end of trading. The closing price is the official share price. If a Trade is not executed at the closing auction, it depends on the last traded price. If the Security is not

	traded, the reference price of the Security share is used when calculating the Index.																		
Article 8-12	Index Currency																		
	Listed Companies in The Exchange that trades in a currency other than the Kuwaiti Dinar may not be included in any of the indices.																		
Article 8-13	Minimum Transaction Value to Calculate the Index																		
	The Exchange may set a minimum Trade value that affects the calculated in any of its Indices.																		
Article 8-14	Historical and Reference Prices																		
	The Exchange shall maintain the shares prices of the Listed Companies and any amendments thereto in cases of cash dividends or special cash dividends. The adjusted reference price is used as a reference for trading in case of special cash dividend. In the case of normal cash dividends, it is not used as a reference price for trading, but the adjusted reference price is displayed and used in the calculation of the Total Return Index. The following equation is used to adjust the Dividend Price: Dividend Adjusted Price = Previous Closing Price – Dividend Rate																		
Article 8-15	Impact of Corporate Actions on Indices																		
	Corporate Actions shall be included in the elements of the equations referred to in Article (8-10-1) and impact them based on the type of Corporate Action according to the following table: <table><tr><th>Type of Corporate Action</th><th>Effect on Price Return Index</th><th>Effect on Total Return Index</th></tr><tr><td>Cash Dividend</td><td>No</td><td>Yes</td></tr><tr><td>Special Cash Dividend</td><td>Yes</td><td>Yes</td></tr><tr><td>Bonus shares</td><td>Yes</td><td>Yes</td></tr><tr><td>Rights issue</td><td>Yes</td><td>Yes</td></tr><tr><td>Capital Decrease</td><td>Yes</td><td>Yes</td></tr></table>	Type of Corporate Action	Effect on Price Return Index	Effect on Total Return Index	Cash Dividend	No	Yes	Special Cash Dividend	Yes	Yes	Bonus shares	Yes	Yes	Rights issue	Yes	Yes	Capital Decrease	Yes	Yes
Type of Corporate Action	Effect on Price Return Index	Effect on Total Return Index																	
Cash Dividend	No	Yes																	
Special Cash Dividend	Yes	Yes																	
Bonus shares	Yes	Yes																	
Rights issue	Yes	Yes																	
Capital Decrease	Yes	Yes																	
Article 8-16	Entering and Amending Index Data																		
Article 8-16-1	Index Data																		
	The Index currency is in Kuwaiti Dinars and its value is rounded to the nearest two decimal places. The Index is calculated and published on The Exchange Website directly during Trading Hours.																		
Article 8-16-2	The Index data is derived from the information available from the Trading System, the Announcements of the Listed Companies, as well as any																		

	Corporate Actions to the shares in accordance with the Clearing Agency information.
Article 8-16-3	Amending the Index Data
	The Exchange may amend the Index data in the event of errors or amendments to Corporate Actions, provided this is announced on The Exchange Website either during or after the Trading Hours.
Article 8-16-4	Alternatives to the retrieval and calculation of Indices
	The Exchange may use another source or methodology for the information of calculating prices and Indices if it considers this to be in the public interest in terms of the correctness and accuracy of published information, provided the source or methodology used is declared in advance.

Chapter Nine

Trading Rules

9

Article 9-1	Operation of the Trading System
	The Exchange shall, after approval by the Authority, establish the Rules and procedures for the operation of the Trading System in accordance with the provisions of Article (5-1) of the Fourth Module of the Executive Bylaws.
Article 9-2	Responsibility
Article 9-2-1	The Licensed Broker shall bear responsibility for the actions of the members of its Board of Directors, employees and subordinates in the course of carrying out its activity.
Article 9-2-2	The Licensed Broker shall be responsible for ensuring the settlement of the Clearing Agency and the payment of obligations for all trades executed through it, even if the Clients to whom made the Trade was made and did not settle and fulfill these obligations.
Article 9-2-3	The Licensed Broker shall be responsible for ensuring that all trades executed through it are settled whether the trades were executed through Direct Market Access or through Sponsored Access.
Article 9-2-4	The Licensed Broker shall be liable for errors resulting from the entry of incorrect orders or any failure in its Trading Systems.
Article 9-3	Trading Operations Sector Responsibility
Article 9-3-1	The Trading Operations Sector is responsible for monitoring the daily trading operations in the market.
Article 9-3-2	1. The rights of the Trading Operations Sector includes, in particular, the following: 2. Modify or cancel orders at any time. 3. Set the Reference Price. 4. Adjust the Reference Price. 5. Enter and modify the Investment Account or Allocation Consolidation Module. 6. Suspend, restrict or activate the trading process of any trader upon request of the Authority or another party that is entitled to do so. 7. Adjust the timing of the trading sessions upon system breakdown or at the request of the Authority. 8. Prepare and publish The Exchange Announcements or publish the Authority Announcements at the request of the Authority. 9. Suspend or activate trading on one or more Securities.

Chapter Nine

Trading Rules

9

	10. Follow-up and execute of events of exempted from trading Rules.
Article 9-4	Access to the Licensed Broker Trading Room
	Only the representatives of the Licensed Broker may enter into the place designated for trading of this Licensed Broker.
Article 9-5	Trading Hours, Sessions and Days
Article 9-5-1	Securities may be traded during the official working days and during trading sessions and hours specified by The Exchange.
Article 9-5-2	The Exchange may specify days, number of hours and opening and closing time for trading sessions.
Article 9-5-3	The Exchange may change the Trading Hours and the duration of trading sessions for the holy month of Ramadan.
Article 9-6	Trading Currency
	All trading operations must be in Kuwaiti Dinars or in any other currency approved by The Exchange.
Article 9-7	Trader ID
Article 9-7-1	The Clearing Agency shall allocate to each trader a specific Trader ID number.
Article 9-7-2	Except in the cases provided for in Article 9-7-3-1 of these Rules, buy and sell Orders shall not cross on the same account.
Article 9-7-3	Crossing of buy and sell Orders.
Article 9-7-3-1	Buy and sell Orders may cross on the same account for Listed Securities, in the following cases: 1. The Omnibus account managed by the Omnibus Account Operator based in the investors' instructions (non-discretionary). 2. Fund account or ETF account. 3. Allocation Consolidation Module 4. Any other cases, after obtaining the approval of the Authority, provided that The Exchange submits its recommendation. In all cases, the Omnibus Account operator or fund or Allocation Consolidation Module operator must be licensed by the Authority or a similar foreign regulator who is a member of IOSCO and applies the recommendations of the Financial Action Task Force (FATF).

Chapter Nine

Trading Rules

Article 9-7-3-2	The concerned parties or Licensed Persons shall submit through their legal representatives an application to the Exchange to allow crossing of buy and sell Orders on the same account for listed Securities in accordance with the application form permitting crossing of buy and sell Orders designated by the Exchange for this purpose, provided that all supporting documents and information are submitted. The Exchange shall review the application form in order to ensure that the minimum required documentation has been submitted provided that the concerned parties and their legal representatives are responsible for the validity of their information, documentation and undertakings.
Article 9-7-3-3	If concerned parties provided the required information, documentations and undertakings as referred to in the previous Article, the Exchange and the Clearing Agency will activate their systems to allow crossing on the same account. The Exchange will notify the Authority as soon as the systems are activated.
Article 9-8	Suspension of Trading Operations
Article 9-8-1	The Exchange may, on its sole discretion or at the request of the Authority, suspend or lift suspension on: 1. A Security. 2. Licensed Broker. 3. Investment Account or Allocation Consolidation Module. 4. Any Person connected through Direct Market Access or Sponsored Access. The Exchange may suspend the Licensed Broker or the Investment Account or Allocation Consolidation Module at the request of the Clearing Agency, in the events set forth in the Clearing Agency rules.
Article 9-8-2	The Exchange may suspend a Security or more, or suspend trading in any market, in the following cases: 1. In force majeure events (natural disasters, crises, accidents, warfare, unrest), at the request of the Authority. 2. At the request of the Authority or in the cases provided for in the Executive Bylaws. 3. Abstention or delay of the Listed Company from paying the annual subscription fees set by The Exchange.

Chapter Nine

Trading Rules

	4. A technical breakdown or malfunction of the Trading System in The Exchange. 5. A decision to suspend the Security from the disciplinary board of the Authority. 6. A decision to suspend the Security from the Violations Committee in The Exchange. 7. In the event of a breach by the Listed Company of the obligations stipulated in these Rules. 8. If the Listed Company accumulated losses of up to 75% or more of the company's capital. 9. In case of bankruptcy or insolvency of the Listed Company. 10. In the event of termination for the reasons set forth in the Executive Bylaws. 11. Once the voluntary or mandatory acquisition is announced for an hour. 12. When the Reverse Acquisition is announced. 13. Upon the Listed Company's request. 14. When the agreement to enter into the merger is announced, for an hour. 15. Cease or delay of the Listed Company to commenting on or speculation, news, information or rumors. 16. Cease or delay of the Listed Company to commenting on unusual trading. 17. Based on the Circuit Breakers referred to in Article (9-24) of these Rules. 18. If this is necessary to achieve fairness, integrity and efficient trading in The Exchange, after the approval of the Authority. In the events provided for in sections (13,15,16) of this Article, the Authority shall be notified before the suspension of Security trading.
Article 9-8-3	The Exchange shall cancel the trades executed on the Security in the following cases: 1. Issuing a decision to cancel the executed trades by the Authority. 2. Issuing a decision to cancel the executed trades by the Disciplinary Board of the Authority.

Chapter Nine

Trading Rules

	3. Issuing a decision to cancel the executed trades by the Violations Committee in the Exchange, in the case of Violation of The Exchange Rules. In all cases, the trades that have been settled may not be canceled.
Article 9-9	Trading Through the System
Article 9-9-1	Without prejudice to the provisions of the events exempted from the trading Rules stipulated in Article (10-1) of these Rules, all trading operations in listed Securities shall be carried out through the Trading System, unless they are suspended from trading.
Article 9-9-2	Orders are entered in accordance to the Market Model.
Article 9-9-3	The Licensed Broker shall input orders in the order received from the Client, unless otherwise agreed with Client. Before inputting orders, the Licensed Broker must ensure that the Client meets its obligations.
Article 9-10	Order Types
Article 9-10-1	Order types are divided in terms of price characteristics into: 1. Limit Order: It is a order to buy or sell a number of Securities at a specified price. 2. Market Order (MKT): It is a order to buy or sell a number of Securities without setting a price and relying on the current market price. All orders must contain all the required information set out in Article (9-11) of these Rules.
Article 9-10-2	Orders are divided in terms of volume characteristic into the following types: 1. Fill and Kill (FaK): Fill any amount of the order that can be filled against any orders in the opposite side of the Orderbook, and any remaining quantity of the order is immediately cancelled. 2. Fill or Kill (FoK): The order must execute immediately to its full quantity either in one Trade or in multiple trades, otherwise the order is cancelled.
Article 9-10-3	Orders are divided in terms of the order validity period into the following types: 1. Day order: The buy or sell order that remains valid up to end of trading on the day in which the order is entered. 2. Session Order: The buy or sell order that remains valid until cancelled or up to the end of the session wherein the order is entered.

Chapter Nine

Trading Rules

	3. Good Till Cancelled: The buy or sell order that remains valid until cancelled or executed, or end of the maximum validity of the order is 90 days. 4. Good Till Date: The buy or sell order that remains valid until the end of its date specified during entry, to a maximum of ninety days. 5. Immediate Order: The buy or sell order instantly executed for the largest possible quantity, with cancellation of the remaining or unexecuted quantity. The period of this order shall be available only during the continuous daily trading.
Article 9-10-4	Crossing Order (Intentional Crossing) The Crossing Order is entered in accordance with the following conditions and controls: 1. The Crossing Order is entered during the continuous trading session only and may not be entered during circuit break auctions. 2. If there are outstanding buy and sell orders on the Security, the price of the Crossing Order must be higher or equal to the Best Bid and lower or equal to the Best Ask. 3. If there are only sell orders without Buy orders, the price of the Crossing Order must be lower or equal to the Best Ask. 4. If there are only Buy orders without Sell orders, the price of the crossing order must be higher or equal to the Best Bid. 5. If there are no outstanding buy and sell orders, the Crossing Order price is entered within the price limits of the security. 6. If a Crossing Order is entered at a price equal to Best Bid or Best Ask, the priority of the outstanding orders shall be maintained. 7. The Crossing Order may not be used for short selling and treasury shares. In all cases the terms of Article 9.12 of these Rules shall be observed.
Article 9-11	Required Information When Entering Orders in the Trading System
	When entering orders in the Trading System, the following information shall be provided: 1. Security Name and Code. 2. Type of order in terms of price, quantity and duration of order. Type of order in terms of price, quantity and order validity duration.

Chapter Nine

Trading Rules

	3. Price. 4. Order type (buy or sell). 5. Quantity. 6. Trader ID.
--	--

Article 9-12	Price Limits and Tick Sizes									
	Tick Sizes shall be in accordance with the price of the stock or unit as shown in the following table: <table><tr><th>From (Fils)</th><th>To (Fils)</th><th>Tick Size (Fils)</th></tr><tr><td>0.1</td><td>100.9</td><td>0.1</td></tr><tr><td>101</td><td>∞</td><td>1</td></tr></table> The Exchange may set price limits for order entry and Circuit Breakers for listed Securities after obtaining the approval of the Authority provided that the price limits is published on The Exchange Website. The Exchange may also decide to set price limits for the Auction Market, in which case The Exchange shall notify the Authority of this decision.	From (Fils)	To (Fils)	Tick Size (Fils)	0.1	100.9	0.1	101	∞	1
From (Fils)	To (Fils)	Tick Size (Fils)								
0.1	100.9	0.1								
101	∞	1								
Article 9-13	Order Validity									
Article 9-13-1	The order shall be rejected by the Trading System if any of the required information is incorrect when entering the order.									
Article 9-13-2	Order validity criteria vary according to trading sessions.									
Article 9-14	Order Visibility									
Article 9-14-1	The Licensed Broker or Market Maker shall specify their representative, either as "User" or "Firm Manager."									
Article 9-14-2	All system Users may have access to the orders they entered.									
Article 9-14-3	Firm Managers may access all orders entered into the system, directly or through a User.									
Article 9-14-4	The Firm Manager may view the orders entered in the system entered by its Clients via Direct Market Access or Sponsored Access.									
Article 9-15	Modification and Cancellation of Outstanding Orders									
Article 9-15-1	The Outstanding Orders may be amended or canceled during the trading session in the Premier and Main Markets as follows: 1. The "User" may modify or cancel his own Outstanding Orders. 2. The “User” who is a member of a “Brokers Group” may view and modify other Users orders in its group. 3. The Firm Manager may modify or cancel its own orders, any User of or Clients via Direct Market Access or Sponsored Access.									

Article 9-15-2	The Outstanding Orders may be modified with regard to the following information: 1. Price: Any change in the price (increase or decrease) shall cause the order to lose priority in terms of timing on the Orderbook. 2. Quantity: Reducing the quantity shall not affect the order priority in the Orderbook, while causing it to lose priority in timing in the event of increased quantity 3. Order Duration: Change of order validity shall not affect its priority in the Orderbook.
Article 9-15-3	Orders may be transferred from the Orderbook to the Private Orderbook.
Article 9-16	Trade Amendments
Article 9-16-1	Price and quantity of Trades may not be modified. The Licensed Broker may request the modification of Trades in the event of erroneous entry of the Trader ID, provided that such request is submitted no later than the lapse of the settlement cycle.
Article 9-16-2	Request for modification shall be submitted within the Trading Hours of The Exchange.
Article 9-17	Trade Cancellation
Article 9-17-1	Price and quantity of Trades may not be cancelled. The Licensed Broker may request cancellation of Trades in the event of erroneous entry of the Trader ID, provided that such a request is submitted no later than the lapse of the settlement cycle, and provided that the approval of the other party of the executed Trade is obtained.
Article 9-17-2	Request for cancellation shall be submitted within the Trading Hours of the Exchange.
Article 9-18	Provisions for the Premier and Main Markets
	The Exchange shall publish a table showing the trading cycle of the Premier and Main Markets. The Exchange may amend this table. These markets shall apply to Articles (9-19) and (9-20) of these Rules.
Article 9-19	Trading Sessions
	The trading cycle is divided into several sessions as described in the Market Model, as follows: 1. Enquiry (pre-trading session) 2. Opening Auction: • Order Acceptance

	• Pre-auction. • Opening Auction Matching. 3. Continuous trading. 4. Closing Auction. 5. Trade at Last 6. Close. 7. Buy-In Session. 8. Enquiry (after end of trading session)
Article 9-19-1	Enquiry Session
	No access may be given to the Orderbook during the enquiry session., but the following may be done: • Have access to public information, such as the closing price of the previous day, the Reference Price and statistics; • Have access to their orders; • Orders may not be matched during the enquiry session. • Cancel orders which were carried over from the previous day, such as: Good till Cancelled, Good till date; • Withdraw orders and place them in the Private Orderbook.
Article 9-19-2	Order Acceptance
	The following provisions are applicable to the Order Acceptance Session: 1. It is permissible to enter Good Till Canceled and Good Till Date orders. 2. Orders may not be cancelled at the order acceptance session. 3. Orders may be modified by increasing the buy order price or reducing the sale order price. No reduction of the buy order price or increase of the sale order price may take place. 4. Orders from the Trader ID of a client-managed portfolio shall be rejected in the following events: • If the sell orders are entered at a price equal to or higher than Outstanding Buy Orders under the same Trader ID. • If buy orders are entered at a price equal to or below the Outstanding Sell Orders under the same Trader ID. Orders may not be matched during the order acceptance session.

Article 9-19-3	Pre-Auction and Opening Auction Matching
	The pre-auction and auction opening sessions shall be subject to the following provisions: 1. Orders may be entered in the pre-auction session. 2. Orders may not be amended or cancelled in the pre-auction session. 3. The opening price shall be specified for each Security during the opening auction Matching session, when buy and sell orders are matched in the Orderbook. 4. The Exchange shall determine the opening price calculation methodology.
Article 9-19-4	Continuous Trading Session
	The following provisions are applicable to the continuous trading session: 1. Unmatched orders of opening auction are carried over to continuous trading. 2. Access may be given to the Orderbook during the session. 3. Limit orders or market orders may be entered. 4. Orders may be modified, cancelled or moved to the Private Orderbook. 5. The Orders entered during the continuous trading session may be instantly matched or placed in the Orderbook by priority of price and time. Orders entered shall be matched or cancelled by quantity conditions as described in Article (9-15) of these Rules. 6. Valid orders for a specific session (Session Order) are cancelled at the end of a continuous trading session.
Article 9-19-5	Closing Auction Session
	The following provisions apply to the closing auction session: 1. Orders may be entered in the closing auction session. 2. Orders can be modified or canceled during a specific period as of the closing auction set forth by The Exchange. Orders may not be modified or cancelled after such period during the closing auction session. 3. The Trading System shall not accept the Matching of buy and sell orders (orders execution) during the closing auction session. 4. An indicative closing price is displayed. 5. The closing price is calculated in the same method as the opening price. 6. Buy and sell orders shall be matched at a randomized closing time during the closing auction session.

Article 9-19-6	Trade at Last
	The following provisions apply to the Trade at Last Session: 1. Orders can be entered based on the closing price set in the closing auction session 2. Access to the Orderbook may be granted during the session. 3. Outstanding open orders from previous sessions can enter the trade at last session if they fulfill the duration and price conditions. 4. If a closing price is not available, the last traded price will be used, if that is not available then the reference price will be used. If a reference price is not available, then the stock will not be eligible for the trade at last session. 5. Quantities can be amended 6. Order can be cancelled 7. Short selling is not allowed in this session 8. The Orders entered during the Trade at Last session may be instantly matched or placed in the Orderbook by priority of price and time.
Article 9-19-7	Closing Session
	The following provisions apply to the closing session: 1. Access to Orderbook during closing is not allowed. 2. Orders may not be cancelled during the closing session. 3. Buy or sell orders may not be modified during the closing session.
Article 9-19-8	Buy-In Session
	The following provisions apply to the Buy-In session: 1. The Buy-In session shall be held by auction mechanism. 2. The reference price for the Buy-In session shall be determined by the closing price of the security on the day of the Buy-In, plus a premium not exceeding 10% of the closing price. 3. The auction shall be opened at the reference price for the Buy-In. The trade may not be executed at a price lower than this price but may be executed at a higher price with a maximum of 10%. 4. The suspension or Delisting of the security from trading in the Exchange does not preclude the necessary procedures for the settlement and purchase operations through the Buy-In session.

	5. Entering orders in the Buy-In session is limited to Limit Orders, and the Clearing Agency may enter Limit Orders or Market Orders at this session. 6. Sell orders may only be amended for a lower price and buy orders may only be amended for a higher price. 7. Orders may not be cancelled or amended in terms of quantity. 8. Buy and Sell orders are matched at the end of the Buy-In session. 9. Buy and Sell orders from other trading sessions are not carried out to the Buy-In session.
Article 9-19-9	Enquiry Session (After end of trading session)
	The following provisions shall apply to the enquiry session after the end of trading session: 1. Orders may not be entered and Orderbook may not be accessed during the enquiry session. 2. In this period, the Licensed Broker is allowed to cancel orders. 3. Orders may not be amended during the enquiry session.
Article 9-20	Calculating the Reference Price
Article 9-20-1	Reference Price is determined by the closing price of the previous day. Reference Price may be modified based on Corporate Actions of the Security based on the methodology stated in the Index Rulebook.
Article 9-20-2	The Exchange may set the Reference Price if it deems that this serves the interests of investors and the market in the following events: 1. The distribution of Extraordinary Cash Dividends; 2. In cases of Corporate Actions which affects the capital, whether in decrease or increase; 3. Lifting the suspension of the Security after the trading suspension period of over ninety days. In such case, The Exchange may cancel the previous Reference Price; 4. Any other cases considered by The Exchange after the approval of the Authority.
Article 9-20-3	The Reference Price is set on the first trading day of rights issue according to the following equation: (The share closing price set for rights issue the day before the start of trading of those rights - subscription price (nominal value + issue premium))

Article 9-21	Provisions of the Auction Market
	The Exchange shall publish a table showing the trading cycle in the Auction Market. The Exchange may adjust this table. The provisions of Article (9-22) of these Rules shall apply to this market.
Article 9-22	Auction Market Trading Sessions
	The trading cycle of the Auction Market is divided into several sessions as follows: • Enquiry Session. • Auction Session. • Enquiry Session. • Closing Session. • Buy-In Session.
Article 9-22-1	Enquiry Session
	No access may be given to the Orderbook during the enquiry session, but the following may be done: • Have access to public information, such as the closing price of the previous day, the Reference Price and statistics; • Have access to their orders; • Orders may not be matched during the enquiry session. • Cancel orders which were carried over from the previous day, such as: Good till Cancelled, Good till date; • Withdraw orders and place them in the Private Orderbook;
Article 9-22-2	The Auction Session
	The Exchange may determine the duration and time of auctions in addition to determining the number of auction sessions, provided there shall be 45 minutes between each auction. The following provisions shall apply to the Auction Session: 1. Orders may be entered during the Auction Session. 2. Orders may be viewed during the Auction Session. 3. Orders may not be modified or cancelled at the Auction Session. 4. The Trading System does not accept the Matching of buy and sell orders (executing orders) during the Auction Session. 5. The equilibrium price is displayed.

	6. Orders are matched at the end of the Auction Session following the Matching algorithm equation used in all auctions.
Article 9-22-3	Closing Session
	The following provisions apply to the closing session: 1. Access to Orderbook during closing is not allowed. 2. Orders may not be cancelled during the closing session. 1. Buy or sell orders may not be modified during the closing session.
Article 9-22-4	Buy-In Session
	The following provisions shall apply to the Buy-In session: 1. The Buy-In session shall be held by auction mechanism. 2. The Reference Price for the Buy-In session shall be determined by the closing price of the Security on the day of the Buy-In, plus a premium not exceeding 10% of the closing price. 3. The auction shall be opened at the Reference Price for the Buy-In. The Trade may not be executed at a price lower than this price but may be executed at a higher price with a maximum of 10%. 4. The suspension or delisting of the Security from trading in the Exchange does not preclude the necessary procedures for the settlement and purchase operations through the Buy-In session. 5. Entering orders in the Buy-In session is limited to Limit Orders, and the Clearing Agency may enter Limit Orders or Market Orders at this session. 6. Sell orders may only be amended for a lower price and buy orders may only be amended for a higher price. 7. Orders may not be cancelled or amended in terms of quantity. 8. Buy and sell orders are matched at the end of the Buy-In session. 9. Buy and Sell orders from other trading sessions are not carried out to the Buy-In session.
Article 9-22-5	Calculate the Reference Price for the Auction Market
	The Reference Price is determined at the closing price of the previous day. The Reference Price may be adjusted based on the Corporate Action procedures on the Ex-Date.
Article 9-23	Provisions Relating to Trading Listed Fund Units

	Fund Units will be traded on a separate board. The Exchange shall publish a table showing the trading cycle of trading listed fund units. The Exchange may amend this table. Article (9-24) of these Rules shall apply to trading fund units.
Article 9-24	Trading Sessions of Listed Funds
	The trading cycle is divided into several sessions as described in the Market Model, as follows: 1. Enquiry (pre-trading session) 2. Opening Auction: • Order Acceptance • Pre-auction. • Opening Auction Matching. 3. Continuous trading. 4. Closing Auction. 5. Close. 6. Buy-In Session. 7. Enquiry (after end of trading session)
Article 9-24-1	Enquiry Session
	No access may be granted to the Orderbook during the enquiry session, however the following may be done: 1. Have access to public information, such as the closing price of the previous day, the Reference Price and statistics; 2. Have access to their orders; 3. Orders may not be matched during the enquiry session. 4. Cancel orders which were carried over from the previous day, (such as: Good till Cancelled, Good till date); 5. Withdraw orders and place them in the Private Orderbook.
Article 9-24-2	Order Acceptance
	The following provisions are applicable to the Order Acceptance Session: 1. It is permissible to enter Good Till Canceled and Good Till Date orders. 2. Orders may not be cancelled at the order acceptance session.

	3. Orders may be modified by increasing the buy order price or reducing the sale order price. No reduction of the buy order price or increase of the sale order price may take place. 4. Orders from the Trader ID shall be rejected in the following events: • If the sell orders are entered at a price equal to or higher than Outstanding Buy Orders under the same Trader ID. If buy orders are entered at a price equal to or below the Outstanding Sell Orders under the same Trader ID. 5. Orders may not be matched during the order acceptance session.
Article 9-24-3	Pre-auction and auction opening sessions
	The pre-auction and auction opening sessions shall be subject to the following provisions: 1. Orders may be entered in the pre-auction session. 2. Orders may not be amended or cancelled in the pre-auction session. 3. The opening price shall be specified for each Security during the opening auction Matching session, when buy and sell orders are matched in the Orderbook. 4. The Exchange shall determine the opening price calculation methodology.
Article 9-24-4	Continuous Trading Session
	The following provisions are applicable to the continuous trading session: 1. Access may be given to the Orderbook during the session. 2. Limit orders or market orders may be entered. 3. Orders may be modified, cancelled or moved to the Private Orderbook. 4. The Orders entered during the continuous trading session may be instantly matched or placed in the Orderbook by priority of price and time. Orders entered shall be matched or cancelled by quantity conditions as described in Article (9-15) of these Rules. 5. Valid orders for a specific session (Session Order) are cancelled at the end of a continuous trading session.
Article 9-24-5	Closing auction session
	The following provisions apply to the closing auction session: 1. Orders may be entered in the closing auction session. 2. Orders can be modified or canceled in a certain period of the closing auction set by the Exchange; Orders may not be modified or cancelled after that period during the closing auction session.

	3. The Trading System shall not accept the Matching of buy and sell orders (orders execution) during the closing auction session. 4. An indicative closing price is displayed. 5. The closing price is calculated in the same method as the opening price. 6. Buy and sell orders shall be matched at a randomized closing time during the closing auction session.
Article 9-24-6	Closing Session
	The following provisions apply to the closing session: 1. Access to Orderbook during closing is not allowed. 2. Orders may not be cancelled during the closing session. 3. Buy or sell orders may not be modified during the closing session.
Article 9-24-7	Buy-In Session
	The following provisions shall apply to the Buy-In session: 1. The Buy-In session shall be held by auction mechanism. 2. The Reference Price for the Buy-In session shall be determined by the closing price of the Security on the day of the Buy-In, plus a premium not exceeding 10% of the closing price. 3. The auction shall be opened at the Reference Price for the Buy-In. The Trade may not be executed at a price lower than this price but may be executed at a higher price with a maximum of 20%. 4. The suspension or delisting of the Security from trading in the Exchange does not preclude the necessary procedures for the settlement and purchase operations through the Buy-In session. 5. Entering orders in the Buy-In session is limited to Limit Orders, and the Clearing Agency may enter Limit Orders or Market Orders at this session. 6. Sell orders may only be amended for a lower price and buy orders may only be amended for a higher price. 7. Orders may not be cancelled or amended in terms of quantity. 8. Buy and sell orders are matched at the end of the Buy-In session. 9. Buy and Sell orders from other trading sessions are not carried out to the Buy-In session.
Article 9-24-8	Enquiry Session (After end of trading session)

	The following provisions shall apply to the enquiry session after the end of trading session: 1. Orders may not be entered and Orderbook may not be accessed during the enquiry session. 2. In this period, the Licensed Broker is allowed to cancel orders. 3. Orders may not be amended during the enquiry session.
Article 9-24-5	Calculating the Reference Price of Listed Fund Units
	The reference price of a fund unit is set based on the previous closing price.
Article 9-25	Indices
Article 9-25-1	Creating Indices
	The Exchange determines the Indices calculated and information disseminated, via the Trading System and its website. Further, the Exchange may collect fees against such information.
Article 9-25-2	Securities Eligible for Index Inclusion
	1. The Exchange may include or exclude any Security in any of the Indices in accordance with the cases set out in “Chapter Eight” of these Rules relating to the Market Segments and Indices Rules. 2. The Exchange may suspend any Security in any Index according to the cases stated in Article (8-9-1) of these Rules.
Article 9-26	Circuit Breakers
Article 9-26-1	Single Security Circuit Breaker
	The Exchange shall set price limits for Securities listed in the Premier, Main Markets, and Funds pursuant to Article (9-12) of these Rules. The continuous trading of the Security is suspended for two minutes whenever the price limits are reached. During that period, an auction is held on the Security to set a new Reference Price to be a basis for the new price limits. The continuous trading of the Security may be suspended more than once during the trading session. The following provisions shall be followed: 1. In the event of that the buy and sell orders are matched in the auction period, the price of the auction execution shall be deemed the new Reference Price on which the new Circuit Breaker limits are set. 2. If orders are not matched during the auction, trading shall be resumed based on the price that triggered the Circuit Breaker and is used as a new Reference Price.

	3. Orders may not be entered at a price that exceeds the Reference Price by the percentage specified by The Exchange, except for Good till canceled orders. 4. The opening price is the Reference Price for the orders entered into the Auction Market, and there are no restrictions on price volatility in the Auction Market. 5. Orders may not be entered in quantities lower than the minimum amount (NMS) of the Security as described in Article (9-24-3) of these Rules. 6. In the case of orders outside the price limits, they are placed out of the Orderbook and must be re-validated to comply the new price limits.								
Article 9-26-2	Index Circuit Breaker								
	The Exchange may halt trading in the Premier Market or the Main Market whenever their main Index declines, according to the following percentages and durations: <table data-bbox="683 880 1190 1122"> <tr> <th>Index Decline %</th><th>Halt Duration</th></tr> <tr> <td>- 5%</td><td>15 minutes</td></tr> <tr> <td>- 7%</td><td>30 minutes</td></tr> <tr> <td>- 10%</td><td>Market Close</td></tr> </table> The halt of a market may not automatically halt the other market. Trading may be halted more than once during the trading session. The trading session ends if the trading in the market is halted for three times during the session and the closing auction shall be cancelled. The Exchange may re-evaluate and adjust the percentages and durations specified for the halts, as it deems appropriate after the approval of the Authority.	Index Decline %	Halt Duration	- 5%	15 minutes	- 7%	30 minutes	- 10%	Market Close
Index Decline %	Halt Duration								
- 5%	15 minutes								
- 7%	30 minutes								
- 10%	Market Close								
Article 9-26-3	Normal Market Size (NMS) in Circuit Breaker Auctions								
	1. The NMS of a share is determined by 2.5% of the average daily traded volume of the Security over a three-month rolling annual average. 2. Orders shall be entered in accordance to NMS requirements based on the table below: <table data-bbox="542 1771 1331 1989"> <tr> <th>NMS Range</th><th>NMS Quantity</th></tr> <tr> <td>From 0 to 2499 shares</td><td>Minimum Quantity</td></tr> <tr> <td>From 2500 to 4999 shares</td><td>2500</td></tr> <tr> <td>From 5000 or more</td><td>50% of the minimum quantity</td></tr> </table>	NMS Range	NMS Quantity	From 0 to 2499 shares	Minimum Quantity	From 2500 to 4999 shares	2500	From 5000 or more	50% of the minimum quantity
NMS Range	NMS Quantity								
From 0 to 2499 shares	Minimum Quantity								
From 2500 to 4999 shares	2500								
From 5000 or more	50% of the minimum quantity								

	3. The NMS of each share shall be updated on a quarterly basis.
Article 9-26-4	Announcement and Publishing
	The "NMS" for each Security shall be announced and published with the company's data through the website.
Article 9-27	Confirmation and Publication
Article 9-27-1	Confirmation
	1. The Trading System immediately sends an electronic confirmation to the Licensed Broker of the trades and operations it has conducted. 2. The Trading System immediately sends a confirmation to Direct Market Access traders and the Sponsored Access traders of the Broker that they are trading through them, showing the trading transactions conducted.
Article 9-27-2	Publishing before trading
	1. A summary Orderbook will be released displaying the Outstanding Orders for all Licensed Brokers, via the Trading System. 2. The summary includes the total quantity and prices of unmatched buy and sell orders. 3. The Licensed Broker may view all the details of its orders. 4. The Licensed Broker's Firm Manager can view all the details of the orders entered by the system's Users (the broker's representative), the Direct Market Access and the Sponsored Access.
Article 9-27-3	Publishing after trading
	1. After the execution of any trade, the Security code and the price of the Trade are displayed on the Ticker. 2. Trading members can view all the details of their executed trades. 3. The Licensed Broker's Firm Manager can view all the details of the executed trades entered by the system's Users (the Broker's representative) and the Direct Market Access or Sponsored Access. 4. Additional information may be provided to Data Vendors and third parties, as The Exchange deems appropriate. The Exchange may collect fees for such information.
Article 9-28	Corporate Actions
	1. The Exchange may adjust or modify the Reference Price based on the procedures relating to Cash dividends, Bonus Shares, or other Corporate

	Actions, in the time and method referred to in the Market Segments and Indices Rules. - The Listed Company is committed to announce in The Exchange the schedule of the Cash dividends, Bonus Shares, or other Corporate Actions or any modification thereof. The schedule shall specify in particular the Cum-Date, Ex-Date, Record Date, and Payment Date (if applicable). In the event of bonus share distribution, the date on which such new shares will be distributed in the shareholders registers shall be identified. Further, the date of beginning and end of subscription periods for capital increase should be announced, along with the payment date. - The Listed Company shall confirm the announcement of the Corporate Actions or any modification of the time schedule at least eight days prior to the Record Date. - Corporate Actions shall apply to shareholders registered in the shareholders register at the end of the Record Date. - Except for the distribution of cash dividends or bonus shares, The Exchange may exempt a Listed Company from some or all of the provisions of this Article with respect to some types of corporate actions. The Exchange may also postpone the dates of such corporate actions, after notifying the Authority and coordinating with the Clearing Agency. - The provisions of this Article shall apply to units of Funds listed on The Exchange. The Fund Manager shall comply with the implementation of the unit entitlements in a manner not inconsistent with the nature of the Fund and the provisions to which it is subject to.
Article 9-29	Transfer of Securities Ownership Reports
	The Exchange may require the Clearing Agency to provide information or reports on its works or the records it maintains, provided such information, reports or records are necessary for the performance of its duties, including transfers of ownership of listed Securities through the Clearing Agency off the Trading System. The Exchange may request additional information or reports from the Clearing Agency to ensure the proper implementation of these Rules.
Article 9-30	Notifying the Clearing Agency
	- The Exchange shall notify the Clearing Agency of the executed trades immediately after their execution. - The Exchange shall notify the Clearing Agency of all amendments and cancellations immediately after their execution, provided this is made before the settlement is completed.
Article 9-31	Cancellation and Modification of Orders or Transactions

	The Exchange is committed to cancel orders or trades in the event of receiving any instructions from the Authority.
--	---

Article 9-32	Short Selling
	Short selling of Securities shall not be permitted without a prior agreement with the Licensed Broker to arrange the borrowing of Securities in accordance with the rules specified by the Clearing Agency. The Exchange shall determine the percentage of Securities available for short selling with a percentage not exceeding 10% of the outstanding Securities of the listed company's capital. The Exchange may change the percentage of Securities available for short selling in accordance with the data relating to the Securities lending and borrowing system of the Clearing Agency.
Article 9-32-1	Notation
	The Licensed Broker or its representative shall flag short selling orders through the trading system. If this flag is made without covering such trade by borrowing, it shall be settled through the Buy-In session.
Article 9-32-2	Securities available for Short Selling
	The Exchange shall determine the Securities available for short selling, provided it shall announce them on its website on a regular basis. Short selling of securities issued by a company listed in the Exchange for less than 6 months shall not be permitted.
Article 9-32-3	The Powers of The Exchange to Suspend Short Selling
	The Exchange may suspend short selling of Securities in the following events: 1. Reaching the maximum available percentage for short selling. 2. The decline of the Exchange indices, as described under Article (9-26-2) of these Rules. 3. In any other events The Exchange deems necessary to achieve fairness and efficiency of the market. The Exchange may suspend the Licensed Broker upon the Clearing Agency's request; in accordance with the Clearing Agency rules.
Article 9-32-4	The Powers of Regulatory Authorities to Suspend Short Selling
	The Authority may suspend short selling in the events of extreme volatility of market trades, or to ensure protection of market participants.
Article 9-32-5	Qualifying the Licensed Broker for Short Selling

	1. The Licensed Broker shall enter into agreements with the Clearing Agency to cover short selling operations through a Securities lending and borrowing agreement. 2. The Licensed Broker shall enter into agreements with its clients that allow it to cover short selling operations and to fulfill its obligations arising out of the agreement concluded with the Clearing Agency, as set forth in the preceding Item of this Article. 3. The Licensed Broker shall provide all automated and technical systems and various applications to ensure the safety of short selling operations. The Exchange may request the Broker to develop or improve such systems and applications. The Exchange may suspend the Licensed Broker from conducting short selling operations in the event of breach of these Rules.
Article 9-32-6	Control of Short Selling Operations
	1. Orders Amendment: The short selling order flag may be modified from short and the reverse. 2. Orders Validity: The validity period of short selling orders shall be limited to a maximum of one day. 3. Price Limits: The Exchange shall impose a Zero + uptick rule on short selling orders, where the selling price shall be higher or equal to the price of the last transaction. The system shall not permit the execution of any short selling transaction if the reference price of the share is not available.
Article 9-32-7	General Provisions
	1. Insiders may not perform short selling. 2. Short selling may not be performed through Off-Market Trades.

Chapter Ten

Cases Exempt from Trading System Rules

Article 10-1	Dealing In Securities In Accordance with Special Rules
	Dealing in listed Securities may be conducted in accordance with Special Rules in the following events: 1. Off-Market Trades (Negotiated Trades) outside the Trading System as provided for in Article (10-2) of these Rules. 2. Selling a percentage representing 5% or more of the shares of a Listed Company in an Auction. 3. Transfer of ownership events that require the approval of The Exchange as set forth under Article (10-4) of these Rules. 4. Transfer of ownership events that do not require the approval of The Exchange as set forth under Article (10-5) of these Rules. 5. Swap Transactions set forth under Article (10-7). 6. Tender Offers for quantities representing not less than 5% and not exceeding 30% of Listed Securities as stipulated in Article (10-8). The Allocation Consolidation Module may not be used in conducting the transactions set forth in this Article. With the exception of the cases mentioned in point 4 above, no sale or waiver of rights issue may be made through the cases provided for in this Article.
Article 10-2	Off-Market Trades (Negotiated Trades)
	Trades whose nature requires that they are preceded by an agreement between a buyer party and a selling party to execute the transaction on a listed Security in The Exchange at an agreed price and quantity.
Article 10-2-1	Requirements to Execute Off-Market Trades
	Off-Market Trades are executed according to the following controls and conditions: 1. The trade value shall be not less than KWD 150,000. 2. The Securities shall be wholly owned by the selling party and shall be free of any legal restrictions or agreement that prevents disposing of such Securities, unless the Person in favor of which the encumbrance is made signs a waiver. 3. The agreed price between the parties of the Trade shall not be more or less than 20% of the last closing price of the Security subject of the trade, when the application for the Off-Market Trade is submitted. If the trade relates to Securities represents 5% or more of the capital of a Listed

	Company, The Exchange may exempt the Off-Market Trade from the price restrictions referred to in this Article. In such cases as it deems necessary to achieve the interests of trades and parties of the trade. 4. The trade may only be executed after obtaining approval of The Exchange. 5. The trade must be limited to two parties only. 6. The Security to be traded should not be suspended from trading. 7. The trade must be executed through a Licensed Broker. 8. Taking into account prohibition periods for insiders, 9. The commission of selling and buying shall be fully applied to Off-Market Trades. Trading commissions shall be calculated for Off-Market Trades based on the execution price. 10. The cash settlement of the transaction shall be made in accordance with the settlement cycle of Off-Market Trades by transferring the value of the Securities from the buyer's account in the Clearing Agency and depositing them in the seller's account with the Clearing Agency during the period of cash settlement. Simultaneously, the ownership of the Securities in the seller's account is transferred to the buyer's account. 11. The application fee of KD 50 shall be paid by bank notice (by each of the two parties – seller and buyer). 12. Off-Market Trades shall be executed through an online portal dedicated for this type of transactions.
Article 10-2-2	Notwithstanding The Exchange's responsibility, The Licensed Broker shall be responsible – when concluding the transaction - for verifying the following: a. Securities subject of the transaction shall not be treasury shares. b. Provide the approval of the Central Bank, if the transaction involves securities representing 5% or more of the Listed Bank's capital. c. The non-applicability of one of the cases of transfer of ownership referred to in Article (10-4) and Article (10-5) of these Rules. In all cases, the Licensed Broker is responsible for conducting a client verification processes (Know your client), including verifying signatures, delegations and powers of attorney to conclude the transaction, as well as reviewing the legal representation on behalf of the entity and whether its purposes permit owning the Securities subject of the transaction.
Article 10-2-3	The Securities, subject to the Off-Market Trades, may be pledged or subject to an attachment, if the buyer acknowledges so and wishes to complete the trade. Such Securities shall be transferred encumbered with pledge or subject

	to an attachment unless the Person initiating the pledge or attachment waives its right.
Article 10-2-4	The parties to the Off-Market Trade shall take into account the provisions of the Tenth Module (Disclosure and Transparency) of the Executive Bylaws.
Article 10-2-5	If the execution of an Off-Market Trade leads to a Person obtaining - directly or indirectly - 30% or more of the traded shares of a Listed Company, that Person must comply with the mandatory acquisition provisions set forth in Ninth Module (Merger and Acquisition) of the Executive Bylaws. The provisions of Article 1-19 "Effective Control" of Module 5 (Securities Activities and Registered Persons) of the Executive By-laws shall be observed when obtaining the Authority's approval prior to the execution of an Off-Market Trade resulting in an effective control over a Licensed Person.
Article 10-2-6	Announcement regarding the execution of an Off-Market Trades with respect to Securities representing less than 5% of a company's capital
	In the case of Off-Market Trades with respect to Securities representing less than 5% of the capital of a Listed Company, the following procedures shall be followed: 1. The Exchange shall announce the trade and its details (Security - volume - value) after executing it without mentioning the parties - on The Exchange's Website. 2. The two parties may not cancel the Trade after it has been announced on the Website. 3. After the execution of the Off-Market Trade, the total volume and value of the Trade shall be displayed through the Trading System and the The Exchange's Website.
Article 10-2-7	Announcement regarding the execution of Off-Market Trades with respect to Securities representing 5% or more of a company's capital.
	In the case of Off-Market Trades on Securities representing 5% or more of the capital of a Listed Company, the following procedures shall be followed: 1. The Exchange shall announce the Trade and its details (Security - volume - value) after its execution with the parties mentioned on the Website of The Exchange. 2. The two parties to the Trade may not cancel it after it has been announced on the Website.

	3. After executing the Off-Market Trade, the total volume and value of the Trade shall be displayed through the Trading System and The Exchange's Website.
Article 10-3	Sale of a Percentage representing 5% or More of the Stocks of a Listed Company by Public Auction
	Any Person or group of Persons may sell at least 5% of the capital of a Listed Company by Public Auction, in accordance with the following procedures and provisions: 1. A Person wishing to sell Securities shall submit an official letter through the Licensed Broker to the Trading Operations Department in The Exchange, in which it requests that the said Securities shall be sold through the execution of the "Public Auction" Trade with the attachment of a statement from the Clearing Agency confirming its ownership of the Securities to be sold (Account balance statement from the Clearing Agency and a certificate from the shareholders register). This Person shall issue to the Licensed Broker an irrevocable authorization to complete the Trade in case of its absence from the auction session. 2. There must be an initial agreement at a fixed price with a buyer. The Person wishing to purchase the Securities subject of the Trade shall submit a letter through a Licensed Broker to the Trading Operations Department in The Exchange, requesting the purchase of the Securities offered for sale as a primary buyer at the agreed initial price. 3. The buyer shall submit a certified check to The Exchange, through a Licensed Broker, of the amount of the advance payment of 10% of the total trade value. The advance payment is calculated based on the initial agreed price of the trade. This value is non-refundable if the buyer fails to conclude the Trade after it is announced in The Exchange. 4. The provisions of Article 1-19 "Effective Control" of Module 5 (Securities Activities and Registered Persons) of the Executive By-laws shall be observed when obtaining the Authority's approval prior to the execution of a transaction resulting in an effective control over a Licensed Person. 5. The Licensed Broker for both the seller and the buyer submits on their behalf an application to The Exchange requesting to complete the Trade procedures. 6. If the Chief Executive Officer of The Exchange accepts the procedures of the trade, the Authority shall be notified of all details. 7. The Exchange shall address the Clearing Agency on Securities to be sold and take measures to ensure that all Securities offered for sale are tradable and that there are no restrictions on the trade. In addition to ensuring that the buyer has no restrictions preventing it from completing

the Trade and collecting the advance payment of 10% of the trade value that is calculated on the basis of the initial agreed price, as announced.

8. If the Securities, subject of the trade, are pledged or subject to an attachment, the buyer must submit a declaration stating that he is aware of this and it desires to complete the trade. The Exchange shall announce this within the Trade announcement data. Such Securities shall be transferred encumbered with pledge or subject to an attachment unless the Person initiating the or subject to an attachment waives its right.
9. Upon receipt of the Clearing Agency's response indicating the possibility to execute the trade, The Exchange shall publish the on the official Website and ticker of The Exchange for 10 working days, provided that the Trade shall be executed on the eleventh day after the closing of the trading session in the market.
10. The public auction shall be displayed on the Announcements page on the official Website of The Exchange. Any Person wishing to enter the auction shall submit an application with the same procedures as the primary purchaser and shall deposit to a Licensed Broker the payment referred to in pint (3) of this Article no later than 9:30 am on the specified day of the auction, knowing that the entry of the third party does not prevent the first buyer from continuing the Trade and bidding on the Securities subject of the trade.
11. The Exchange shall announce the entry of bidders or not at 10:00 am from the day set for the auction by announcing on the official Website of The Exchange and on the Ticker.
12. If no other buyer applies for the auction, the auction shall be awarded to the primary buyer and shall be announced on the official Website of The Exchange and the Ticker.
13. If one or more other buyers apply to enter the public auction and meet the necessary requirements, the auction shall be held openly in an official and approved hall in The Exchange to allow the presence of the seller, the bidders and their representatives.
14. The auction shall be opened by announcing the initial price and inviting the bidders to participate. If no party offers a higher price for 15 minutes, the auction shall be awarded to the primary purchaser and the Trade shall be concluded. If one of the bidders offers a better offer within the said 15 minutes, bidding continues, and a five-minute period is available to bid on each price. If the specified five-minute period ended without one of the parties bidding, the auction shall be awarded to the last price.
15. Upon completion of the public auction, the Trade shall be executed in the presence of all the parties representing The Exchange, the Clearing Agency, the buyer, the seller and the Brokers, and a copy shall be delivered to each party. The two parties to the Trade shall disclose the

	Trade and the ownership percentages of both to the Authority and The Exchange during the next day after the auction. 16. Upon completion of the trade, the execution and the total value of the Trade shall be announced on the official Website of The Exchange and on the Ticker. The Stock Exchange shall also announce the Initial price and final price, the seller and the actual buyer. 17. In the case of the buyer's refrainment after the announcement of the trade, or the refrainment of one of the bidders after announcing the entry of the auction - either explicitly or implicitly – to refrain from completing its procedures, he may not be refunded the amount of the advance payment and this amount shall be distributed between the seller by 70%, The Exchange by 29% and Clearing Agency by 1%. The Exchange may oblige the buyer to complete the settlement at the full value of the Trade if it deems it to be in the interest of the Market. 18. In the event of the seller's absence from the auction session or it refrain to complete the Trade procedures, the Licensed Broker representing it shall complete the Trade procedures in accordance with its authorization.
Article 10-4	Transfer of Ownership with the Approval of the Exchange
Article 10-4-1	The transfer of ownership of listed Securities may be conducted with the approval of The Exchange, exempted of the trading rules in the following cases: 1. Transfer of ownership pursuant to an amicable settlement between the creditor and the debtor or guarantor owning the Security. 2. Transfer of ownership at the request of the mortgagor creditor. The encumbered Securities are owned in the event of the breach by the debtor in accordance with the provisions of Article (9-13) of Eleventh Module (Dealing in Securities) of the Executive Bylaws. 3. Transfer of ownership of the necessary number of shares of the company to guarantee the membership for the Board of Directors in accordance with the concerned company's articles of association. 4. Transfer of ownership based on a court ruling enforceable, unless the ruling is rendered regarding one of the events wherein the approval of The Exchange is not mandatory. 5. Transfer of ownership at governmental bodies' request (within the framework of the state's offering of the Securities it owns to the private sector). 6. Cases of transfer of ownership from partners to the company and vice versa, as well as transfer of ownership between subsidiaries and Affiliates or same group of companies.

	7. Shares granted to the employees of the company in execution of the employee share option. 8. Transfer of ownership based on a merger or acquisition. 9. Any other events exempted from the trading rules are contained in the trading rules set by The Exchange, or the Executive Bylaws. 10. Transfer of ownership of Securities to shareholders or creditors in case of liquidation of the company owning the shares. 11. Transfer of ownership of Securities to participants or creditors in case of liquidation of a collective investment scheme. 12. Transfer of ownership of Securities owned by the company in another company as profits in kind. 13. Transfer ownership of Securities for subscription or sample participation in private subscription Funds. 14. Transfer of ownership of Securities for offering, subscribing or redeeming in kind in contractual collective investment schemes. 15. Any other case considered by The Exchange after the approval of the Authority. In all previous events, The Exchange shall collect the normal trading fees upon obtaining its approval for the transfer of ownership, provided the Clearing Agency shall notify both the Authority and The Exchange in the event of the direct or indirect acquisition by the Person of more than 30% of the traded Securities of a Public Shareholding Company following the execution of the transfer of ownership of listed Securities.
Article 10-4-2	Procedures for the Transfer of Ownership with the Approval of The Exchange
	The Transfer of Ownership with the Approval of The Exchange shall be in accordance with the following procedures: 1. The concerned party shall apply to The Exchange for their approval of the transfer of ownership on the form to be developed by The Exchange, accompanied with the documents supporting that one of the cases referred to in Article (10-4-1) of these Rules applies 2. The Exchange shall issue its decision regarding the application by approval or rejection or requesting further clarifications or documents, upon verifying that one of the cases referred to in Article (10-4-1) of these Rules applies. 3. In the event of The Exchange approval, the parties to the transaction shall apply to the Clearing Agency, requesting transfer of ownership. The Clearing Agency shall, after identifying the parties to the transaction and

	their legal representation, as well as the documents supporting ownership, and that no legal or contractual Violations or restriction exist to prevent transfer of ownership, complete the transfer.
Article 10-5	Transfer of Ownership without the Approval of The Exchange
	Transfer of Ownership without the Approval of The Exchange Ownership of listed Securities may be transferred via Kuwait Clearing Company without the need for approval of The Exchange in the following events: 1. Transfer of ownership due to inheritance or will. 2. Transfer of ownership between spouses and relatives up to the second degree. 3. Cases of transfer of ownership at the request of the Public Authority for Minors Affairs and the merger of the shares of the trustee or guardian. 4. Transfer of ownership to and from companies licensed to manage the portfolios of others for the purpose of depositing in a portfolio or transferring from the portfolio if it is to the same customer. 5. Transfer of ownership as a bequest in a will within the third as a charity or to charitable organizations that are legally licensed in the State of Kuwait. 6. Transfer of ownership from and to Omnibus Accounts when such transfers are related to the same Client. 7. Transfer of ownership from the account of a one-person establishment to the owners of this establishment and not vis-versa. 8. Free waiver of rights issue to any person. 9. Transfer of ownership pursuant to an enforceable judgement or arbitral award in connection with any of the above-mentioned cases. In these events, transfer of ownership shall be made by request to be submitted by the parties to the transaction to the Clearing Agency, who shall verify that one of the events referred to under this article applies, and identify the parties to the transaction and their legal representation, and the documents supporting the ownership, and that no legal or contractual Violations or restriction exist to prevent completion of the transfer of ownership.
Article 10-6	Sale or Ownership of Pledged Securities upon Default of the Debtor
	If the lender mortgagee is a bank or a financial institution and the debtor or the mortgagor is a professional customer according to the definition referred to in The Executive Bylaws, at the time of the conclusion of the mortgage contract or thereafter, it may be agreed upon the mortgagee's right - in case of breach of obligations by the debtor - to own or sell the mortgaged thing

	without complying with the provisions stipulated in articles (231) to (233) of the Trade Law, as well as the provisions stipulated in the Third Module of the Executive Bylaws (Code of Civil and Commercial Procedures).
Article 10-6-1	Procedures for the Direct Sale of Mortgaged Securities
	In the case of sale of Securities directly mortgaged to the creditor or mortgaged in a trading account with the Clearing Agency, they are sold according to the following procedures: 1. The mortgagee creditor shall submit a sale application to one of the Licensed Brokers, attached by documents indicating the mortgage and breach of contract by the debtor to the terms of the debt contract or mortgage contract, and a copy of the apology of the debtor or the guarantor in kind (if any) to start the selling procedures. 2. The Licensed Broker shall execute the application of the mortgagee creditor after verifying the documents submitted from it and ensuring that the applicability of the mortgagor creditor is in accordance with the situation stipulated in Article (9-13) of the Eleventh Module of the Executive Bylaws (Dealing in Securities). 3. When the broker implements the sale, application submitted by the mortgagee creditor, he must comply with the duties of efficiency, integrity and due diligence, as well as the provisions of Articles (9-13), (9-14), (9-15) of the Eleventh Module of Executive Bylaws (Dealing in Securities). 4. The existence of a restricted mortgage to the benefit of the mortgagee creditor does not preclude from completing the sale proceedings at its request. 5. After completing the sale procedures, the Licensed Broker or the Clearing Agency shall pay the due amounts to the mortgagee creditor, provided the licensed selling Broker shall determine the amount in accordance with the documents submitted to it by the mortgagee creditor demanding the sale.
Article 10-6-2	Procedures for selling mortgaged Securities within an investment portfolio
	In case of the sale of mortgaged Securities in an investment portfolio, they shall be sold according to the following procedures: 1. The mortgagee creditor shall submit to the manager of the investment portfolio the application for sale, attached by documents indicating the debtor's breach of the terms of the debt contract or mortgage contract, and a copy of the excuse of the debtor or the guarantor in kind (if any) to start the selling procedures. 2. The investment portfolio manager shall execute the application of the mortgagee creditor after verifying the documents submitted from him and

	ensuring that the applicability of the mortgagor creditor is in accordance with the situation stipulated in Article (9-13) of the Eleventh Module of the Executive Bylaws (Dealing in Securities). - When the investment portfolio manager executes the sale application submitted by the mortgagee creditor, he must comply with the duties of efficiency, integrity and due diligence, as well as the provisions of Articles (9-13), (9-14), (9-15) of the Eleventh Module of Executive Bylaws (Dealing in Securities). - The existence of the restricted mortgage on the investment portfolio to the benefit of the mortgagee creditor does not preclude from completing the sale proceedings at his request. - After completing sale procedures, the investment portfolio manager shall pay the due amounts to the mortgagee, provided the selling manager of the investment portfolio determines the amount in accordance with the documents submitted to him by the mortgagee creditor demanding the sale.
Article 10-6-3	Ownership of the Mortgaged Securities Procedures
	In the case provided for in Article (9-13) of the Eleventh Module of the Executive Bylaws (Dealing in Securities), the creditor may own Securities in case of the breach of the debtor, according to the following procedures and conditions: - The mortgagee creditor shall apply to The Exchange to transfer the ownership of the mortgaged Securities from the name of the debtor or the guarantor in kind to the name of the mortgagee creditor, provided the application is submitted on the form prepared for this purpose by The Exchange and accompanied by the documents required by The Exchange. - The mortgage contract or debt contract shall include a condition that grants the mortgagee creditor the right to own mortgaged Securities upon breach of the debtor. - The provisions of the preceding two Items shall apply whether the Securities are directly mortgaged or within the trading account of the Clearing Agency or within an investment portfolio.
Article 10-7	Swap Transactions
	Swap transactions are transactions that require parties an agreement between the parties to exchange a listed security on the Exchange with another prior to the execution thereof.
Article 10-7-1	Controls and Requirements for Execution of Swap Transactions
	Swap transactions are carried out according to the following terms and conditions:

	1. The transaction value shall not be less than KD 1,000,000(based on the total value of the Securities subject to the transaction). 2. The value of the shares subject of the transaction should be equal (based on the previous day's closing price). 3. The Securities shall be fully owned by the parties to the transaction and shall be free of any legal restrictions or agreements preventing their disposal, unless the person whom the restriction is in its favor waives the restriction. 4. The transaction may be executed only after obtaining the approval of The Exchange. 5. The transaction shall be limited to two parties only. 6. The Securities, to be swapped, shall not be suspended from trading. 7. The transaction must be executed through a Licensed Broker. 8. Taking into account prohibition periods for insiders, 9. Notwithstanding The Exchange's responsibility, The Licensed Broker shall be responsible for verifying the following prior to the execution of the transaction: a) Securities subject of the transaction shall not be treasury shares. b) Provide the approval of the Central Bank, if the transaction is related to Securities representing 5% or more of a listed bank's capital. c) The non-applicability of one of the cases of transfer of ownership referred to in Article (10-4) and Article (10-5) of these Rules. 10. The commission of buy and sell shall be fully applied and payable on swap transactions. Swap transaction commissions shall be calculated based on the execution price. 11. The ownership of Securities, subject to the swap transaction, shall be transferred from the account of the first party to the account of the second party and from the second party to the first party. 12. The swap transaction form shall be submitted to The Exchange, following its authentication by the two brokers, via an e-mail address reserved by The Exchange for this purpose.
Article 10-7-2	The parties to the swap transaction shall take into account the provisions of the Tenth Module (Disclosure & Transparency) of the Executive Bylaws.

Article 10-7-3	The Securities, subject of the swap transaction, may not be pledged or reserved.
Article 10-7-4	If the execution of the swap transaction leads to a person obtaining - directly or indirectly - 30% or more of the traded shares of a listed company, such person must comply with the Mandatory Acquisition provisions set forth in the Ninth Module (Mergers & Acquisitions) of the Executive By-Laws.
Article 10-7-5	Announcing the completion of swap transactions on securities representing less than 5% of the company's capital
	In case of swap transactions on securities representing 5% or more of the capital of a listed company, the following procedures shall be followed: 1. The Exchange shall announce the transaction and its details (security - quantity – swap ratio) after its completion with its parties mentioned on The Exchange's Website. 2. The two parties to the transaction may not cancel it after announcing it on The Exchange's Website.
Article 10-8	Tender Offer for not less than 5% and not more than 30% of a listed company shares
Article 10-8-1	Any person may submit a tender offer for not less than 5% and not more than 30% of the shares of any listed company, in accordance with the provisions of this Chapter.
Article 10-8-2	The acquisition provisions set out in Module Nine (Merger and Acquisition) of the Executive By-Laws shall not apply to the tender offer made to the shareholders of the listed company, in case they wish to own a percentage of not less than 5% and not more than 30% of the shares of the company; unless this acquisition leads to the direct or indirect acquisition by the person or allied parties of more than 30% of the shares of that company.
Article 10-8-3	The bidder of the tender offer shall treat all the shareholders of the listed company of the same class equally. The bidder or the listed company, subject of the tender offer, may not provide information, during the period of the offer or during its consideration, to certain shareholders without making it available to the other shareholders.
Article 10-8-4	The bidder of the tender offer shall submit its offer to the shareholders of the listed company directly, provided each shareholder has the option to sell or retain its shares.
Article 10-8-5	The bidder must obtain the approval of the Central Bank before submitting the tender offer for the units under its control. In case a tender offer is made to a listed company licensed by the Authority, its approval must be obtained

	if the required percentage in the tender offer will result in an effective control over that company.
Article 10-8-6	The bidder shall be obliged to deposit a cash amount at the Clearing Agency equivalent to the full value of the shares offered, or bank guarantee for the same amount.
Article 10-8-7	Announcement of Tender Offer
	The bidder shall submit the offer to The Exchange. The offer shall be announced on The Exchange's Website of after verifying that the data has been provided and the cash amount or bank guarantee referred to in article 10-8-6 has been deposited; within 10 days of submitting the tender offer including all the requirements. This announcement shall include, in particular, the following information: 1. Adequate information about the bidder. 2. Details on the shares of the listed company subject to the tender offer. 3. The total amount of the offer submitted, along with indicating the share price. 4. Details of all required documents and procedures to be followed, for the offer to be accepted by those wishing to sell. 5. A statement of any conditions or restrictions to the offer and any relevant procedures thereof. 6. Schedule of the tender offer process. 7. Disclosure of the shares in the listed company owned by the bidder of the tender offer and its allied parties. 8. Acknowledgment by the bidder that the execution of this offer will not result in obtaining for itself- or allied parties – whether directly or indirectly, ownership of more than 30% of the shares of that company. 9. Any other information requested by The Exchange.
Article 10-8-8	The announcement must contain a statement indicating whether there is any agreement, arrangement or measure between the bidder, any person affiliated to or allied with it, and any of the Board members of the listed company or its shareholders, as well as details of such agreements or measures.
Article 10-8-9	If the tender offer is submitted with respect to a listed company that coincides with an previously announced corporate action schedule, The Exchange may postpone the commencement of the tender offer period after the record date. If the listed company subject to a tender offer announces a corporate action record date after the announcement of the tender offer, the record date shall

	be after the execution of the offer procedures and the transfer of ownership of the shares.
Article 10-8-10	Restrictions and terms of dealing in securities related to the offer
	The share of the listed company shall be suspended from trading for one hour in the trading session immediately after the announcement of the tender offer is published, unless the announcement is published after the trading session.
Article 10-8-11	The bidder or any person affiliated to or allied with it - during the offer period - may not buy or sell any shares in the company, subject of the tender offer.
Article 10-8-12	If The Exchange's CEO, or acting CEO approves the tender offer, the Authority shall be notified of all details after it has been announced on the Exchange.
Article 10-8-13	The collection period of the shares shall commence 10 days after the announcement, for a collection period of 10 days.
Article 10-8-14	The shareholders who wish to participate in the tender offer shall express this wish to the Licensed Broker as of the eleventh day of the tender offer announcement date according to the provisions of Article (10-8-7) and (10-8-8) of these rules. Encumbered shares shall not participate unless the person in favor of which the encumbrance is made provided its consent. Persons expressing interest in participating in the Tender Offer shall not be allowed to dispose of their shares unless a withdrawal request is submitted to the Clearing Agency and provided that the Clearing Agency approves such request. The withdraw request can be submitted anytime up to the ninth day the collection period.
Article 10-8-15	The Licensed Broker shall collect the shareholders' shares wishing to participate in the tender offer, and provide the Clearing Agency with the collected shares on a daily basis until the end of the collection period
Article 10-8-16	The Clearing Agency shall collect the shares of the shareholders wishing to participate in the tender offer directly or received from the Licensed Brokers.
Article 10-8-17	Competing Tender Offers
	Any person may submit a tender offer competing with the submitted offer within the ten days announcement period. If a competing tender offer is submitted, an auction will be held on the tenth day after the trading session. The competing bidder shall be obliged to disclose the data set forth under Article (10-8-7) and Article (10-8-8) of these Rules. The Exchange shall publish this disclosure on its Website after verifying that the data has been provided. The person submitting the competing tender offer must deposit the cash amount in the Clearing Agency or a bank guarantee equivalent the full value of the shares subject of the tender offer.

	Except for the competitive offer or offers, no other tender offers may be submitted on the same security until the completion of any announced tender offers.
Article 10-8-18	Tender Offer Withdrawal
	The bidder may not withdraw the offer after it has been announced on The Exchange, unless that after the end of the collection period, the collected quantity was less than 5% of the issued shares, or less than 50% of the quantity required in the tender offer; whichever is greater. The bidder shall exercise his right of withdrawal in accordance with the provisions of the preceding paragraph within two days of the end of the collection period. The withdrawal request shall be submitted to The Exchange. If the conditions of the preceding paragraph are met, the withdrawal of the tender offer shall be announced on The Exchange's Website; the Authority and Clearing Agency will be notified. In the event of a withdrawal from the tender offer in accordance with the provisions of this Article, the bidder shall be prohibited from making another tender offer for a period of six months from the date of submitting this withdrawal.
Article 10-8-19	Executing the Tender Offer
	The Clearing Agency shall notify The Exchange and the bidder of the quantity and proportion of shares that has been collected on the next working day after the expiry of the collection period. The bidder and The Exchange shall have access to the shares collected during the period of the tender offer.
Article 10-8-20	The Exchange shall announce the quantity and percentage of shares realized for tender offer, provided it shall not exceed the day following the receipt of the notice of the Clearing Agency referred to in Article (10-8-9) of these rules.
Article 10-8-21	The Clearing Agency shall send a register showing the shareholders who have indicated their desire to participate in the tender offer and the realized gross percentage of the share capital of the company, subject of the Tender Offer.
Article 10-8-22	If the percentage of shares collected during the tender offer period exceeds the percentage required from the bidder, the percentage required in the tender offer shall be allocated pro-rata to the shareholders holdings of the participants in the tender offer.
Article 10-8-23	The sale process of the tender offer shall be carried out in The Exchange through a selling of shares document signed by the bidder, The Exchange representatives and the Clearing Agency.
Article 10-8-24	The shares and the purchase amount shall be transferred in accordance with the principle of delivery versus payment upon execution of the tender offer.

Article 10-8-25	The Exchange shall announce the tender offer with its actual percentage on its Website.
-----------------	---

Chapter Eleven

Exchange Members Disciplinary Proceedings

Article 11-1	Authority and Scope of Work
Article 11-1-1	A committee shall be formed in The Exchange to consider Violations. Its task is to consider Violations committed by Members of The Exchange in contravention of the provisions of these Rules. The Committee shall have the right to issue disciplinary decisions regarding the Violations filed against the violating Member.
Article 11-1-2	All Members of The Exchange shall be subject to disciplinary action before the Violations Committee in The Exchange if they commit any act, or they refrain from performing any act in Violation of any provision of these Rules and regulations in force in The Exchange.
Article 11-1-3	The Exchange shall prepare an internal policy for the Violations Committee specifying the information related to its composition, its main role, responsibilities and powers, in addition to the manner in which it convenes, and issues decisions and other matters related to its work.
Article 11-1-4	The Violations of the Members of The Exchange with respect to the provisions provided for in the law or Executive Bylaws shall be excluded from Committee's jurisdiction, in which case the Violation shall be referred to the Disciplinary Board of the Authority.
Article 11-1-5	If the dispute is common between the Authority and The Exchange in respect to the disciplinary action, the Violation shall be referred to the Authority for the action it deems appropriate.
Article 11-1-6	Violations can be detected by any of The Exchange departments that deal with Exchange Members, the Authority shall have the right to detect The Exchange's violations to these Rules. The Exchange shall investigate any violations it detected, or any complaint filed against any of its Members. The Exchange shall determine the fees that the Person initiating the complainant must pay when a Violation is reported. After completing the investigations and documentation, complaints and violations are referred to the Violations Committee to take the appropriate decision in their regard.
Article 11-2	Right of Defense During Investigation
	Any Person subject to investigation shall have the full right to defend himself and may appoint a lawyer to defend him.
Article 11-3	Dismissal of Investigation or Referral to the Authority
	The Chief Executive Officer of The Exchange shall close and investigation of a Violation if it is found that there is insufficient evidence on committing the Violation. The Chief Executive Officer shall refer the Violation to the Authority if it falls under its jurisdiction.
Article 11-4	Referring the Violator to the Exchange's Violations Committee

Chapter Eleven

Exchange Members Disciplinary Proceedings

Article 11-4-1	If the investigation reveals evidence of the Violation, The Exchange should refer the violator to the Committee. The Chief Executive Officer of The Exchange shall issue the decision to refer the Violation to the Violations Committee based on the recommendation of the Legal Sector, accompanied by the relevant documents and related investigation minutes. The Exchange shall submit a monthly report to the Authority with respect to the cases that have been detected and the complaints submitted to it where the violations mentioned therein have not been proven.
Article 11-4-2	The Violation shall be referred to the Secretary of the Violations Committee to be submitted to the Chairman of the Committee. The Secretary of the Violations Committee shall, upon receipt of the Violation, notify the Secretariat of the Disciplinary Board of the Authority of the subject of the Violation stating its parties, substance and reason.
Article 11-4-3	The committee may preserve the violation without the need to summon the violator if it finds that there is insufficient evidence of its commission or lack of importance. In the case of preserving the violation, the person referred to the investigation shall be notified of the decision of the committee to preserve, and he may obtain a certificate to that effect from the Exchange.
Article 11-5	Violations Committee
Article 11-5-1	A Committee of at least three members shall be formed at The Exchange to examine the violations committed by one of The Exchange Members, and it shall be headed by a judge delegated by the Judicial Council. The Exchange shall nominate the remaining members who shall not be employees with The Exchange, members of its Board of Directors, or those related to it. These members shall be approved by the Authority and should have experience in financial, economic and legal affairs are shall not be related to The Exchange. The Exchange determines their remuneration and the procedures for disbursement, provided that the term of membership in the Committee is three years, subject to renewal, and that it has a secretary from among the employees of The Exchange.
Article 11-5-2	The meeting of the Committee shall not be valid except in the presence of three members, including the Chairman of the Committee. Decisions shall be issued by a majority vote. The members of the Committee shall refrain from considering any Violation in which they have conflicting interests.
Article 11-5-3	The Secretary of the Committee shall receive notifications regarding the violations referred to it by the Authority or The Exchange, as the case may be, present them to the Chairman of the Committee, and notify the concerned parties of the investigation sessions dates, and all other matters assigned to him by the Chairman of the Committee.

Chapter Eleven

Exchange Members Disciplinary Proceedings

Article 11-5-4	The Secretary shall notify the Violator of the date set by the Committee to consider the Violation attributed to him and its content before the deadline of at least three days. The assignee of the Committee has the right to review all the documents related to the violation and take a copy thereof after payment of the prescribed fee, provided this is done in accordance with a request submitted to the Secretary of the Committee.
Article 11-5-5	The Committee shall consider the Violation, hear the defense of the Person referred to it after addressing the allegations filed against him. The Committee may hear the witnesses or the experts' opinion at the request of the Person accused. It may also request the hearing of witnesses or the appointment of experts on its own discretion. The absence of the Violator shall not preclude the continuation of the Committee in considering the Violation and issuing a decision thereon.
Article 11-5-6	The Committee shall have the right to request the attendees to provide any documents, papers, notes or reports. The Committee shall have the right to direct any questions relating to the Violation to the attending parties, and all parties shall provide answers to those questions.
Article 11-5-7	The Violations Committee shall be entitled to decide one or more of the following disciplinary sanctions against the Violator: 1. Cautioning the Violator to discontinue committing the Violation. 2. Issuing a warning. 3. Subjecting the Violator to further supervision. 4. Suspension from working or practicing for period not exceeding one year. 5. Imposing restrictions on the Violator's activity (s) 6. Suspension of the trading of a Security for a specified period in the interest of the market. In all cases, the Committee shall cancel the transactions related to the Violation and the consequences thereof.
Article 11-5-8	If the Committee finds that the Violation involves a criminal suspicion, it may communicate the Violation to the Public Prosecution, attach a copy of the Violation file and notify the Authority immediately along with a copy of the notification sent to the Public Prosecution. The submission of the communication to the Public Prosecution does not prevent the Committee from issuing a decision in the disciplinary Violation under consideration. The Committee may postpone the consideration of the Violation pending the issuance of a final judgment in the Penal Section relating to the violation.
Article 11-5-9	The Secretary shall notify the Authority and The Exchange of all the decisions issued by the Committee towards any Member of The Exchange and the details of the violation the Member committed, the procedures that the

Chapter Eleven

Exchange Members Disciplinary Proceedings

11

	Committee took and the penalty that was imposed immediately upon its issuance, provided that it sends the Authority all the related documentation within three working days from the date the decision was issued.
Article 11-5-10	The Exchange management shall notify the Authority of any action it takes against any of its violating Members and of the details of the violation that a Member committed upon taking such action, provided that it sends the Authority all the related documentation within three working days from the date the decision was issued.
Article 11-5-11	The Person against whom the decision or procedure is issued has the right to file a grievance before the Authority's Disciplinary Board within fifteen days of being notified of the decision or procedure issued against him.
Article 11-5-12	The decision of the Committee shall be executed as soon as it is issued, unless the Committee orders to postpone the execution until the grievance deadlines expire or for the Authority's Disciplinary Board to refuse the grievance. The execution of the decision shall be done through the Exchange's management. The decision shall be published on The Exchange's Announcement board including the following data: the name of the Violator, the Violation number and its subject, the text of the decision, and any other data deemed necessary by The Exchange.